



Seniors'  
Health  
Insurance  
Information  
Program

## *COBRA Coverage and Medicare*

North Carolina Department of Insurance  
Jim Long, Insurance Commissioner

The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 requires that employers with 20 or more employees provide (under certain conditions) group health coverage for employees and dependents for a period of time after their group health plan eligibility ends. This is called "continuation coverage." You may have this right if you lose your job, your working hours are reduced, or you are a spouse or dependent of a covered employee and lose coverage due to a "qualifying event."

### *What are the COBRA qualifying events?*

The qualifying events for **employees** are:

- Voluntary or involuntary termination of employment for reasons other than gross misconduct
- Reduction in the number of hours of employment

The qualifying events for **spouses** are:

- Voluntary or involuntary termination of the covered employee's employment for reasons other than gross misconduct
- Reduction in the hours worked by the covered employee
- Covered employees becoming entitled to Medicare
- Divorce or legal separation of the covered employee
- Death of the covered employee

The qualifying events for **dependent children** are the same as for the spouse with one addition:

- Loss of "dependent child" status under the plan rules

### *What benefits will I have?*

Under COBRA, the continuation of coverage must be identical to the "core" or basic benefits the employee or dependent received prior to terminating employment. All benefits must be continued if those benefits were offered as part of the original "core" benefits.

### ***How long will my COBRA coverage last?***

COBRA-eligible beneficiaries (employees, spouses, and children) may continue coverage for 18-36 months, depending on the situation. Check with your employer health benefits representative.

### ***How do I apply for COBRA coverage?***

Under the law the employee or a family member has the responsibility to inform the employer within 60 days of a known “qualifying event.” The employer must then notify the employee or family member of the right to elect COBRA continuation coverage. You have 60 days from the date you would lose coverage or 60 days from the date you received the election form to choose COBRA coverage. If you do not choose COBRA during this period, your medical coverage will end.

### ***What happens if I become entitled to Medicare?***

If you have COBRA continuation coverage before you enroll in Medicare, your COBRA coverage may end. This is because the employer has the option of canceling continuation coverage when Medicare entitlement begins. The length of time your spouse receives coverage under COBRA may change when you enroll in Medicare. Ask your employer benefit administrator about this before you leave your job.

If you elect COBRA coverage after you enroll in Medicare, you can keep your continuation coverage. When your group coverage ends you and your dependents can get coverage under COBRA. However, you need to make a decision about when to enroll in Medicare Part B if you are not already eligible:

- If you have Medicare Part A only when your group health plan coverage ends (based on current or active employment), you can enroll in Medicare Part B during a special enrollment period after your employment ends without having to pay a Medicare Part B premium penalty. This will also start your Medigap open enrollment period. You need to enroll in Medicare Part B either at the same time you enroll in Medicare Part A or during this special enrollment period.
- If you wait to sign up for Part B after your COBRA coverage ends, you will have to pay a Medicare Part B premium late penalty and your coverage will be delayed. You will only be able to enroll in Part B during the general enrollment period (January, February, and March), and your coverage will not begin until July. You are not entitled to a Medicare Part B special enrollment period when COBRA coverage ends.



Authorized agent  
**Jody Fortune**  
IBD Insurance Services, Inc.  
[jody@ibdinsurance.com](mailto:jody@ibdinsurance.com)  
[www.ibdinsurance.com](http://www.ibdinsurance.com)



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3724 National Drive  
Suite 110  
Raleigh, NC 27612

**(W)** 800.615.5980, x212 • **(M)** 919.880.3987  
**(F)** 919.510.8876