



COBRA

North Carolina

Comparison of Federal and North Carolina Continuation Laws

	FEDERAL (COBRA)	NORTH CAROLINA
Covered Employers Health Plans	Group health plans maintained by private-sector employers with 20 or more employees . Most group health plans maintained by governmental employers are required to offer COBRA. However, group health plans maintained by churches are exempt from COBRA.	Group insurance policies that provide hospital, surgical or medical benefits (other than for specific diseases or for accidental injuries only) are required to offer continuation coverage. Self-insured ERISA plans are not subject to state continuation coverage requirements. Continuation is not required to include dental, vision care or prescription drug benefits, if offered separately.
Qualified Beneficiaries	An employee, spouse or dependent child covered by a group health plan on the day before a qualifying event. In addition, any child born to or placed for adoption with a covered employee during the period of COBRA coverage is considered a qualified beneficiary.	An employee, spouse or dependent child covered by the group policy at the time of the qualifying event. Continuation is only available to qualified beneficiaries who have been continuously insured under the group policy during the three consecutive months immediately prior to the date of the qualifying event. Continuation is not be available for any person: <ul style="list-style-type: none"> • Who is or could be covered by any other group hospital, surgical or medical coverage, whether insured or uninsured, within 31 days immediately following the date of the qualifying event; or • Whose insurance terminated for failure to pay premiums.



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Qualifying Events	<p>Events that trigger an obligation to offer COBRA coverage include:</p> <ul style="list-style-type: none"> • Termination of employment for reasons other than gross misconduct (all qualified beneficiaries); • Reduction in the number of hours of employment (all qualified beneficiaries); • Covered employee's becoming entitled to Medicare (spouse and dependent children); • Divorce or legal separation of the covered employee (spouse and dependent children); • Death of the covered employee (spouse and dependent children); and • Loss of dependent child status under the plan (dependent children) 	<p>Continuation coverage must be offered to qualified beneficiaries when coverage under the group policy would otherwise terminate because of an employee's:</p> <ul style="list-style-type: none"> • Termination of active employment for any reason; or • Termination of membership in the eligible class or classes under the policy.
Maximum Continuation Period	<p>The maximum duration of COBRA coverage depends on the type of qualifying event, as follows:</p> <p>18 months - Employment termination or reduction in hours of work</p> <p>29 months - The Social Security Administration (SSA) determines the qualified beneficiary is disabled during the first 60 days of COBRA coverage. This 11-month extension applies to the qualified beneficiary with the disability and all of the qualified beneficiaries in the family.</p> <p>36 months - Divorce or legal separation, employee's death, entitlement to Medicare or loss of dependent child status</p> <p>36 months - After a qualifying event that is an employment termination or a reduction in hours of work, a second qualifying event occurs that is the death of the employee, the divorce or legal separation of the covered employee and</p>	18 months

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	spouse, Medicare entitlement (in certain circumstances) or loss of dependent child status under the plan.	
Early Termination of Coverage	<p>COBRA coverage may end earlier than the maximum continuation period if:</p> <ul style="list-style-type: none"> • Premiums are not paid on a timely basis; • The employer ceases to maintain any group health plan; • After the COBRA election, coverage is obtained with another employer group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition of the beneficiary; or • After the COBRA election, a beneficiary becomes entitled to Medicare benefits. <p>Also, when a qualified beneficiary's COBRA coverage has been extended due to disability and the qualified beneficiary is no longer disabled, coverage may terminate at the end of the maximum coverage period that applies without regard to the disability extension or, if later, the first day of the month that is more than 30 days after a final determination by the SSA that the qualified beneficiary is no longer disabled.</p>	<p>Continuation coverage may end before the 18-month maximum coverage period if:</p> <ul style="list-style-type: none"> • Premiums are not paid; • The qualified beneficiary becomes eligible for (or becomes covered under) another group plan providing similar benefits; or • The group policy is terminated by the employer. However, if the employer replaces the group policy with another group policy, the employee or dependent is entitled to continue under the successor policy for any unexpired period of continuation.
Notice Requirements	<p>Health plan administrators must provide an initial general notice when group health coverage begins. When a qualifying event occurs, health plan administrators must provide an election notice regarding rights to COBRA continuation benefits to each qualifying beneficiary who loses plan coverage in connection with the qualifying event.</p> <p>Qualified beneficiaries must respond to this notice and elect COBRA coverage by the 60th day after the written notice is</p>	<p>A notification of the continuation privilege must be included in each individual certificate of coverage. In addition, notification may be included on insurance identification cards or may be given by the employer (orally or in writing) as a part of the exit process from the employment.</p> <p>The employee must elect continuation coverage in writing. The employee may elect continuation, for a period of at least 60 days, after the date of termination or loss of eligibility.</p>

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	<p>sent or the day health care coverage would end, whichever is later.</p> <p>Additional COBRA notice requirements apply under federal law.</p>	
Premium Rules	<p>The maximum amount charged to qualified beneficiaries cannot exceed 102 percent of the plan’s total cost of coverage for similarly situated individuals. For qualified beneficiaries receiving the 11-month disability extension, the premium for those additional months may be increased to 150 percent of the plan's total cost of coverage.</p> <p>Plans must provide at least 45 days after the election for making an initial premium payment. The plan sponsor may establish due dates for later payments, but it must provide a minimum 30-day grace period for each payment.</p>	<p>The first premium payment must be made at the time the employee makes his or her election to continue coverage. After the first payment, all other payments for continuation coverage must be paid in advance. There is no grace period required under state continuation coverage law.</p> <p>The premium cannot be more than 102 percent of the full group rate for the insurance applicable under the group policy on the due date of each payment.</p>
Applicable Statutes	<p>IRC § 4980B, ERISA §601 <i>et seq.</i>, 29 CFR §§ 2590.606–1 through 2590.606–4.</p>	<p>North Carolina Statutes §58-53-5 <i>et seq.</i></p>
Government Agency Contact	<p>Departments of Labor and the Treasury (private sector plans) and the Department of Health and Human Services (public sector plans). More information on COBRA coverage is available from the Department of Labor.</p>	<p>North Carolina Department of Insurance</p>