

Understanding COBRA Premium Assistance



What is COBRA?

COBRA is a federal law. It allows people who leave jobs at businesses with twenty or more workers to buy health insurance from their former employers at the price the employers paid, plus some fees. People usually may buy health insurance for up to eighteen months. They may buy health insurance for themselves and for other family members.

Can I Get Help Paying My COBRA Premiums?

In February 2009, Congress passed a federal stimulus bill to help people who were laid off between September 1, 2008 and December 31, 2009, and who wanted to buy health insurance through COBRA. Under the bill, the federal government would pay for 65% of the COBRA premiums for up to nine months. People would have to pay the remaining 35% of the premiums.

In December 2009 and March 2010, Congress extended the COBRA portion of the stimulus bill. Now, the bill helps people who were laid off between September 1, 2008 and March 31, 2010. The federal government will pay for 65% of the COBRA premiums for up to fifteen months – a six-month extension of the original stimulus bill.

How Can I Get This Help with My COBRA Premiums?

People who want to buy health insurance through COBRA will not receive help directly from the government. Instead, employers will pay for the government's share. Then, the employers will deduct the government's share from their taxes. The employers will collect people's 35% share.

Does Everyone Qualify for COBRA Premium Assistance?

COBRA premium assistance is for individuals who earn less than \$125,000 per year, and for couples who earn less than \$250,000 per year. People who earn more money can get premium assistance, but they will have to pay it back when they file their taxes.

Do I Have to Sign Up for the Health Plan that I Had When I Lost My Job?

If employers offer cheaper health plans, they may choose to allow people to sign up for the cheaper plans. If the employers will allow people to choose cheaper plans, they must send notices. Then, people have 90 days to select cheaper plans.



What If I Only Received Nine Months of COBRA Premium Assistance?

In December 2009, Congress changed the COBRA portion of the stimulus bill. Now, people are eligible for COBRA premium assistance for fifteen months – a six-month extension. If people’s first nine months of premium assistance expired before Congress changed the bill, they are eligible for six more months of coverage. Their employers must send them notices telling them that they are eligible for the extension.

If people stopped paying for COBRA when their first nine months of premium assistance expired, they may sign up for premium assistance for six more months. However, they must pay for their 35% share of coverage for every month since the premium assistance expired. For example, if their first nine months of premium assistance expired in November 2009 and they sign up for six more months of coverage in January 2010, they must pay for their 35% share of coverage in December 2009 and January 2010.

If people paid for 100% of their COBRA coverage after their first nine months of premium assistance expired, their employers must reimburse them for the extra 65%.

What if I Worked for an Employer with Less than 20 Employees?

On July 10, 2009, Pennsylvania enacted its own “mini-COBRA” law. The law allows people who leave jobs at businesses with two to nineteen workers to buy health insurance from their former employers at the price the employers paid, plus some fees. People usually may buy health insurance for up to nine months. They may buy health insurance for themselves and for other family members. To qualify, they must have left their job on or after July 10. People who were laid off on or after July 10 will qualify for COBRA premium assistance for up to nine months.

What If My Employer Says I Can Not Receive COBRA Premium Assistance?

If people believe that they are eligible for COBRA premium assistance, but their employers will not let them sign up, they have the right to file appeals. People who worked for employers with twenty or more employees may file appeals with the U.S. Department of Labor. People who worked for employers with two to nineteen workers, or for the government, may file appeals with the Center for Medicare & Medicaid Services. Those agencies will review the appeals and decide if people are eligible for premium assistance within fifteen business days. Appeal forms are available online.

Where Can I Get More Information?

For more detailed answers to these questions, please visit the Families USA web site at:
<http://www.familiesusa.org/issues/private-insurance/understanding-cobra-premium.html>.

For updates on the COBRA premium assistance program, please visit the United States Department of Labor web site at: <http://www.dol.gov/ebsa/COBRA.html>.