

# United states department of labor website: cobra essay samples

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The United States Department of Labor Website, [www.dol.gov/dol/topic/health-plans/cobra.htm](http://www.dol.gov/dol/topic/health-plans/cobra.htm), focuses on the health plan and benefit options that are available to ex-employees. This website communicates the current regulations and federal involvement in employee benefits. The Consolidated Omnibus Budget Reconciliation Act (COBRA) is provided to ex-employees who want to continue their health benefits after their employment is terminated. Ex-employees who qualify are able to use COBRA. This allows them to select group health benefits for a period of time after their employment ends. In order to qualify for COBRA the ex-employee must have ended his or her employment for one of the following reasons: “voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events” (United States Department of Labor, 2014). The website includes sidebars for scrolling COBRA topics as well as a search engine. There are many resources available on the website for employers who need to ensure that they are in compliance with the federal laws regarding COBRA. Private-sector employers, community governments, and state agencies are all subject COBRA laws. Ironically, a group health plan offered by the federal government is exempt from COBRA law, as are churches. COBRA is a way to ensure that employers create an insurance policy whereby their employees and their employees families can continue medical care if the employee is terminated. This continuation of coverage includes the following components: “Inpatient and outpatient hospital care; Physician care; Surgery and other major medical benefits; Prescription drugs; Dental and vision care” (United States Department of Labor, 2014). There are provisions

in the Health Insurance Portability and Accountability Act (HIPAA), whereby an employee's dependents who are no longer eligible for a continuation of health insurance have a right to enroll in another health insurance plan without waiting for an open enrollment period. By selecting to use COBRA in this instance the dependent still maintains the option of enrolling in another health plan without waiting for an open enrollment period. This action must be taken within 30 days of losing or exhausting the previous health insurance. COBRA is not free, even if an employee did not have to pay for his or her group healthcare plan prior to becoming unemployed. Ex-employees who choose to accept coverage under COBRA are responsible for paying all costs of the insurance plan. COBRA is not necessarily inexpensive either. It can cost people as much as 102% " of the cost to the plan for similarly situated individuals covered under the plan who have not incurred a qualifying event" (United States Department of Labor, 2014). This is not good news for the newly unemployed who find themselves not only out of a job but also faced with huge health insurance premiums. It gets worse, though. If a person is unemployed due to disability and receives an " 11-month disability extension, the COBRA premium for those additional months may be increased to 150 percent of the plan's total cost of coverage for similarly situated individuals" (United States Department of Labor, 2014). COBRA is not guaranteed either, if a person fails to make all of the premium payments on time he or she can be cancelled. Under COBRA there is no obligation for the insurance carrier to send out a bill. Besides information on the United States Department of Labor website about how ex-employees can protect their rights to continued health insurance there are many other

publications available. There are a variety of books offered to help people better understand the complexities of healthcare coverage in the United States. The book, The American Bar Association complete and easy guide to health care law advises people that while COBRA may help to continue group health insurance for a period of time, it is not guaranteed that the employer will not refute the COBRA claim. For example, if a person has his or her employment terminated in a state where the laws offer continued coverage the ex-employee does not have a right to COBRA (American Bar Association, 2001). The requirements and applications of these mini-COBRA laws vary from state to state. HIPAA also offers individuals the opportunity to purchase a health insurance policy if they have had “ at least 18 months of creditable coverage without a break in coverage of 63 days or more the right to buy individual health insurance coverage that does not impose a preexisting condition exclusion period. For this purpose, most health coverage, including COBRA continuation coverage, is creditable coverage” (United States Department of Labor, 2014). HIPPA does not offer help to those who have not received continuous insurance coverage, therefore it may not be available to people who were terminated before they could obtain coverage for a pre-existing condition. Certain states offer assistance to people in this dilemma and they are also encouraged to contact Pre-Existing Condition Insurance Plans (PCIP) and the Children's Health Insurance Program (CHIP) for pricing. Having a pre-existing condition or other health problem and suddenly losing health insurance can be devastating to a person with a family who is suddenly unemployed and uninsured. Lest anyone think COBRA is an easy remedy for people in that situation, think again. The system is fraught with

bureaucratic red tape. In COBRA: Troubleshooting and problem-solving, the authors offer advice on how people can correct “ COBRA errors, and [take] proactive actions to minimize problems” (2002, pp 1-6). This book discusses known problems with continuing group coverage under COBRA. Insurance may be terminated without notice, and may be terminated retroactively. If a person has paid their COBRA premiums but the premiums were never paid to the insurance company so they cancelled the policy the United States Department of Labor may assist the ex-employee by conducting an investigation. There is an option for people to file lawsuits against their previous employers in civil court; however, unemployed people do not often have enough money available to conduct expensive lawsuits. Sometimes the United States Department of Labor will sue an employer (Minnesota Institute of Legal Education, 2002). If a person’s former employer does not notify them that they are entitled to benefits under COBRA within 30 days of their employment termination, the health insurance plan administrator is supposed to notify the ex-employee that he or she can chose COBRA. If the ex-employee does not have a correct current address on file, then they ex-employee may miss out on this notification and therefore miss out on enrolling in COBRA (North Carolina Bar Association, 2014). Unfortunately, the United States Department of Labor is no longer accepting applications for decision review from people who had their COBRA premium reduction denied by the American Recovery and Reinvestment Act (ARRA). That program was designed so that people could obtain a COBRA premium reduction of they had been terminated involuntarily before June 1, 2010. The eligibility period has passed for people to obtain a COBRA premium reduction via the ARRA

provisions. People in this situation who have extenuating circumstances are advised to contact the Department of Labor's Employee Benefits Security Administration to discuss the possibility of receiving a waiver of the deadline and a potential premium reduction (United States Department of Labor, 2014).

Annotated Outline of DOL Website Information on COBRA with urls.

## **References**

American Bar Association. (2001). *The American Bar Association complete and easy guide to health care law: Your guide to protecting your rights as a patient, dealing with hospitals, health insurance, medicare, and more*. New York: Three Rivers Press. United States. (2011). *Consolidated Omnibus Budget Reconciliation Act (COBRA)*. Washington, D. C.: U. S. Dept. of Labor, Employee Benefits Security Administration. United States Department of Labor. (2014). "Health Plans & Benefits: Continuation of Health Coverage — COBRA." <http://www.dol.gov/dol/topic/health-plans/cobra.htm> Minnesota Institute of Legal Education. (2002). *COBRA: Troubleshooting and problem-solving*. Minneapolis, MN: Minnesota Institute of Legal Education. North Carolina Bar Association. (2014). *Employment ABC's*. Law Related Education.