



COBRA New Jersey

Comparison of Federal and New Jersey Continuation Laws

	FEDERAL (COBRA)	NEW JERSEY
Covered Employers and 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 health insurance policies issued to small employers (2-50 eligible employees). Self-insured ERISA plans are not subject to state continuation coverage requirements.
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 who would lose coverage under the group health plan due to a qualifying event. Individuals who are eligible to continue coverage under federal COBRA are not eligible for state continuation coverage.
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) 	<p>Events that trigger an obligation to offer state continuation coverage include:</p> <ul style="list-style-type: none"> • Termination of employment for a reason other than for cause (all qualified beneficiaries) • Reduction in employee's hours of employment to less than 25 hours (all qualified beneficiaries) • Death of covered employee (spouse and dependent children) • Divorce of employee from spouse (spouse and dependent children) • Loss of dependent child status under the plan (dependent children)

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	<ul style="list-style-type: none"> • Divorce or legal separation of the covered employee (spouse and dependent children) • Death of the covered employee (spouse and dependent children) • Loss of dependent child status under the plan (dependent children) 	
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 spouse, Medicare entitlement (in certain circumstances) or loss of dependent child status under the plan.</p>	<p>The maximum duration of state continuation 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 – Employee who is disabled at the time of termination of employment or during the first 60 days of continuation coverage</p> <p>36 months – Death of employee, divorce of employee from spouse or loss of dependent child status</p>
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 	<p>Continuation 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 provide any health benefits plan; • After electing continuation coverage, the qualified beneficiary becomes

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	<p>does not contain any exclusion or limitation with respect to any pre-existing condition of the beneficiary; or</p> <ul style="list-style-type: none"> • 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>covered under another health benefits plan that does not limit or exclude any pre-existing condition of the employee, spouse or dependent child; or</p> <ul style="list-style-type: none"> • After electing continuation coverage, the qualified beneficiary becomes entitled to Medicare benefits. <p>Also, when an employee's continuation coverage has been extended due to disability and the employee is no longer disabled, coverage may terminate at the end of the original 18-month continuation period or, if later, the month that begins more than 31 days after the SSA determination that the employee is no longer disabled.</p>
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 sent or the day health care coverage would end, whichever is later.</p> <p>Additional COBRA notice requirements apply under federal law.</p>	<p>Notice of continuation rights must be provided to employees in the certificate of coverage by the carrier and by the employer at the time of the qualifying event.</p> <p>Qualified beneficiaries must make an election for continuation coverage no later than 30 days after the qualifying event.</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>The premium for continuation coverage cannot exceed 102 percent (or 150 percent for a disability extension) of the applicable premium paid for similarly situated beneficiaries under the plan. No premium payment may be due before the 30th day after the election for continuation coverage was made.</p> <p>Premiums are considered timely if they are paid within 30 days after the</p>

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	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.	payment due date (or within a longer period as specified under the health insurance policy or contract).
Applicable Statutes	IRC § 4980B, ERISA §601 <i>et seq.</i> , 29 CFR §§ 2590.606-1 through 2590.606-4.	New Jersey Statutes § 17B:27A-27
Government Agency Contact	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 .	Department of Banking and Insurance