




## Second COBRA notice

COBRA  
2022

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### Important information

- This overview is not meant to serve as a comprehensive description of the insurance benefits offered by PEBA.
- More information can be found in the following:
  - *Benefits Administrator Manual*; and
  - *Insurance Benefits Guide*.
- The plan of benefits documents and benefits contracts contain complete descriptions of the health and dental plans and all other insurance benefits. Their terms and conditions govern all health benefits offered by or through PEBA.

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### Second COBRA notice

- Advises individuals of their rights and responsibilities to continue coverage under COBRA.
- Explains procedures for electing coverage.
- *COBRA sample 18-month instruction sheet and notification letter.*
- *COBRA sample 36-month instruction sheet and notification letter.*
  - Qualified beneficiary must report event to COBRA administrator on the *Notice of COBRA Qualifying Event.*
- Include *COBRA Notice of Election* form.
- Include copy of current *COBRA premiums.*

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**18-month qualifying events**

- Termination of employment.
- Transfer to another employer offering PEBA insurance coverage.
- Retirement.
- Reduction in hours (not in a stability period or no longer eligible at the end of the initial or standard stability period).
- If employee is terminated due to gross misconduct, ask your legal counsel before offering COBRA.

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**Unpaid leave or reduction of hours**

- If employee is not within a stability period, is no longer eligible for coverage at the end of a stability period or on protected leave, a reduction of hours (below 30 hours per week) makes the employee ineligible for insurance benefits.
- Employer should terminate coverage due to no longer being eligible for insurance benefits and offer COBRA.

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**36-month qualifying events**

- Divorce or legal separation.<sup>1</sup>
- A surviving spouse remarries.
  - If surviving spouse has been on survivor coverage less than 36 months from the COBRA event (employee/retiree death), spouse can continue COBRA coverage for up to 36 months from COBRA event.
  - If surviving spouse has been on coverage more than 36 months, do not offer COBRA.
- Child loses eligibility as dependent.
- Employees and their dependents who lose eligibility due to military leave.

<sup>1</sup>Only in jurisdictions that recognize legal separation, South Carolina does not.

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**60-day notification rule**

- In cases of divorce or if a child ceases to qualify as an eligible dependent, the Plan must be notified within 60 days after:
  - The date of the qualifying event; or
  - The date the dependent would lose coverage on account of the qualifying event, whichever is later.
- After Day 60, no longer eligible for COBRA coverage.
- Qualified beneficiary must report event to COBRA administrator on the Notice of COBRA Qualifying Event.

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**Military leave**

- Continue coverage:
  - Send nothing to PEBA.
  - Obtain written permission from employee to continue coverage and bill for premiums.
  - Provide Your insurance benefits when your hours are reduced notice.
- Cancel coverage:
  - Complete Active Termination Form.
  - Attach a copy of military orders.
  - Provide Your insurance benefits when your hours are reduced notice.
  - Offer 36 months of COBRA and conversion information, if applicable.

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**When to send COBRA 18-month notice**

- Must send notice to employee and qualified beneficiaries within 14 days of qualifying event.
- Subscriber may elect COBRA coverage within 60 days of:
  - Loss of coverage; or
  - COBRA notification, whichever is later.

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**When to send COBRA 36-month notice**

- Must send notice to qualified beneficiary within 14 days of qualifying event.
- Subscriber may elect COBRA coverage within 60 days of:
  - Loss of coverage; or
  - COBRA notification, whichever is later.

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**COBRA ineligibility**

- Use COBRA Ineligibility Form for Dependents to determine if COBRA should be offered.
  - Former spouse.
  - Ineligible child.
- Include documentation in employee's file.

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**Example of COBRA ineligibility**

- January 1, 2022: Husband dropped from employee coverage during open enrollment (October 2021).
- February 20, 2022: Husband reports he and employee have been divorced since November 19, 2021.
- Divorce reported outside of 60 days; therefore, do not offer COBRA. Husband and employee did not comply with initial COBRA notice instructions.
- Include ineligibility form in employee's file.

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**Tips**

- PEBA recommends mailing all notices.
- Keep complete copies of all notices in employee’s file.
- Important note on National Medical Support Notices (NMSN):
  - Do not file copies of dependent notices in the employee’s file. File these notices separately.
  - For more information about NMSN, view the *Insurance Benefits Training* at [peba.sc.gov/insurance-training](http://peba.sc.gov/insurance-training).

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**Disclaimer**

This presentation does not constitute a comprehensive or binding representation of the employee benefit programs PEBA administers. The terms and conditions of the employee benefit programs PEBA administers are set out in the applicable statutes and plan documents and are subject to change. Benefits administrators and others chosen by your employer to assist you with your participation in these employee benefit programs are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA. Please contact PEBA for the most current information. The language used in this presentation does not create any contractual rights or entitlements for any person.

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