

Mini COBRA FAQ

Mini-COBRA Defined

What is “Mini-COBRA”?

Mini-COBRA, or Act 2 of 2009, is a new law in Pennsylvania that gives employees of small businesses (2-19 employees) who receive health insurance from their employers the right to purchase continuation health insurance after they leave employment. It allows eligible employees and dependents to purchase health insurance for nine months after their employment ends.

Why is it called “Mini-COBRA”? Is it different from federal COBRA?

Mini-COBRA is modeled after the federal COBRA law, but with some important differences. The federal COBRA law allows employees at larger businesses (20 or more employees) to purchase continuation health coverage after they leave employment for 18 months (or, in some cases, 36 months) after their employment ends. Pennsylvania’s Mini-COBRA applies to employees of smaller businesses (2-19 employees) and it is for a shorter length of time (nine months).

What is the effective date of the Mini-COBRA act?

The act goes into effect July 10, 2009.

Eligibility

Who is eligible for Mini-COBRA continuation coverage?

Covered employees and their eligible dependents who lose group health insurance coverage through a small employer as a result of a “qualifying event” are eligible for Mini-COBRA continuation coverage. The covered employees and eligible dependents must have been continuously insured under the group policy or for similar benefits under any group policy which it replaced, for three consecutive months ending with the employee’s termination.

Also, continuation coverage is not available for anyone who is covered or is eligible for coverage under Medicare; who fails to verify that he is ineligible for employer-based group health insurance as an eligible dependent; or is or could be covered by any other insured or uninsured group health coverage arrangement and under which the person was not covered immediately prior to such termination (this last condition excludes Medical Assistance, CHIP and adultBasic).

What is a “qualifying event”?

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A qualifying event is an event that would result in the loss of coverage for the covered employee or eligible dependent, including:

- death of the covered employee,
- termination of employment (either voluntary or involuntary, but not for the employee's gross misconduct),
- reduction in hours,
- divorce or legal separation,
- eligibility for Medicare,
- dependent child ceasing to be dependent,
- bankruptcy of the employer.

When will an employee be eligible for Mini-COBRA?

An employees whose group coverage terminates on or after July 10, 2009 will be eligible for Mini-COBRA.

Notice Requirements

If an employee is terminated, how will he find out about his rights under the Mini-COBRA law?

When health coverage ends due to a “qualifying event”, the employer must provide notice to the covered employee.

What is the timeframe for an employer to send this notice of a qualifying event to an employee?

Under the Mini-COBRA law, an employer must give notice of a “qualifying event” – to the plan administrator (if different than the employer), the covered employee, and the insurance company – within 30 days of the “qualifying event”.

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Premium Assistance

Will employees eligible for Mini-COBRA continuation benefits be eligible for premium assistance under the federal stimulus law, known as ARRA (the American Recovery and Reinvestment Act of 2009)?

Yes. The federal stimulus law provides that employees eligible for continuation coverage under comparable state Mini-COBRA laws may be eligible for premium assistance under the federal stimulus law. Act 2 of 2009 was written to be a comparable law so that Pennsylvanians working for small employers will be eligible for this premium assistance, as long as eligibility requirements are met. To be eligible, you must have been involuntarily terminated on or after the effective date of the act (July 10, 2009) and before January 1, 2010.

How can an employee apply for premium assistance?

The notice an employer provides to an employee alerting him to the qualifying event and his right to Mini-COBRA continuation benefits will have a section on applying for premium assistance.

If I am on Mini-COBRA and then become eligible for Medicare or a new employer's health insurance coverage, will I still be able to get premium assistance?

No. You are no longer eligible for Mini-COBRA if you are eligible for Medicare or another group plan, and, if you are getting premium assistance for your Mini-COBRA, you must notify the insurance company to avoid being subject to a penalty of 110 percent (110%) of the amount of any premium assistance.

Timing for Electing Mini-COBRA Continuation Coverage

Once the employer gives an employee notice of his right to Mini-COBRA continuation coverage, how soon must the employee respond?

The employee or employee's dependent must give notice to the administrator (who may be the employer) of his or her election within 30 days of receiving notice of the qualifying event.

What is the timeframe for the administrator to give notice to the insurance company of the employee's or eligible dependent's election of continuation coverage under Mini-COBRA?

Once the administrator receives notice from the employee that he is electing Mini-COBRA, the administrator must in turn give notice to the insurance company of the employee's or dependent's election within 14 days of the election.

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When does the continuation coverage begin? Is there a break in coverage between the end of the group coverage and the start of Mini-COBRA coverage?

The continuation coverage will begin as of the date the prior group coverage ended. There will be no break in coverage.

Benefits and Payment for Mini-COBRA Continuation Coverage

Will the Mini-COBRA continuation coverage provide the same benefits as the group policy the employee had before coverage terminated?

Yes, the continuation coverage must include any benefits provided under the group policy.

Is the nine months of continuation health insurance under Mini-COBRA the same for all qualifying events (loss of dependent status, death of employee, etc.)?

Yes, Mini-COBRA continuation health coverage extends for nine months, regardless of the nature of the qualifying event. However, if a recipient of Mini-COBRA benefits becomes eligible for Medicare or other employer-based coverage, or fails to pay premiums on a timely basis, or the group policy is terminated, then Mini-COBRA coverage will end.

When is the initial payment due after Mini-COBRA election?

While the law does not dictate the timing of the first payment, the payment should coordinate with the timing of the employer's regular payments to the insurer for the group insurance that is being continued. This is because Mini-COBRA requires payment to be made "on a monthly basis" to the administrator or its designee. The law also states that the amount may not be more than 105% "of the group rate of the insurance being continued on the due date of each payment."

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