

## **Mini-COBRA FAQ**

### ***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. The act goes into effect on July 10, 2009.

### ***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"?***

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 ceases to be dependent
- bankruptcy of the employer.

### ***When will an employee be eligible for Mini-COBRA?***

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

***Does Mini-COBRA apply to someone whose employment is ended (i.e., the qualifying event occurs) before the effective date of the act, July 10, but whose employer is providing group coverage (keeping him on the employer's policy) until after the effective date of the Act?***

The trigger for Mini-COBRA benefits is the date the employee's insurance coverage terminates. If that date is after the effective date of the act, the employee and eligible dependents will be entitled to Mini-COBRA benefits. This is the case even if the qualifying event is before the effective date of the act.

***Can Mini-COBRA coverage be denied to me if I have a serious illness?***

No, an employee or dependent who is eligible for Mini-COBRA coverage may not be discriminated against on the basis of any evidence of lack of insurability.

***If I am on Mini-COBRA and then become eligible for Medicare or a new employer's health insurance coverage, must I give up the Mini-COBRA coverage?***

Yes. You are no longer eligible for Mini-COBRA if you are eligible for Medicare or another group plan.

***Does a Mini-COBRA participant have open enrollment rights if the nine months of continuation health insurance overlaps an open enrollment period?***

A Mini-COBRA recipient is only entitled to receive continuation coverage for nine months, parallel to the coverage received under the group policy.

***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. 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.

***How does the premium assistance work for an employee or dependent?***

If an employee or eligible dependent qualifies for premium assistance, he will be required to pay 35% of the premium amount for Mini-COBRA continuation coverage. He will not have to pay the remaining 65% portion; that portion is covered by the federal stimulus program.