

Before Your COBRA Coverage Ends

By Wesley E. Wright and Molly Dear Abshire, as published in the Houston Chronicle Senior Living Section on October 19, 2011.

For many people the benefits provided by the Consolidated Omnibus Budget Reconciliation Act, or (COBRA), are essential for continuing health care after job loss, whether the loss is voluntary or involuntary. COBRA benefits allow senior citizens to continue receiving health care after retirement or disability. Considerations for individuals to review include, applying for disability-based coverage beyond the 18-month period, electing to extend COBRA coverage, and obtaining health care if COBRA ends.

COBRA benefits under group coverage generally last up to 18 months. However, within the first 60 days of COBRA coverage, a participant can apply to extend COBRA benefits by providing proof of disability from Social Security. Under this plan, qualifying individuals can stay on their employer's COBRA until eligible for Medicare.

Requirements to qualify for a disability-based extension of COBRA include:

- Applying for Social Security Disability Insurance (SSDI) benefits.
- Approval by Social Security during your initial 18-month COBRA period.
- Timing of the onset date of your disability must be within 60 days of the start of your COBRA coverage.
- Providing a copy of your Social Security Notice of Award letter to your COBRA plan administrator within 60 days of receiving it and within the 18-month period of COBRA continuation coverage.

Various rules and deadlines during this application process have unfortunately cost many people their access to COBRA benefits. However, the plan is a good option to stay insured until you become eligible for Medicare.

COBRA coverage ends when you reach the last day of your COBRA coverage period, the premiums are not paid, the employer ceases to maintain any group health plan, the employer goes out of business, you obtain health coverage through another employer, or you become eligible for Medicare benefits. HIPAA (Health Insurance Portability and Accountability Act) provides people losing COBRA a one-time opportunity to move to a broad individual health insurance plan. The rules for qualifying for individual coverage are:

- You must continue your COBRA continuation as long as possible. (You can't drop COBRA and move to an individual plan before your COBRA coverage ends.)
- You must have been continuously covered under health insurance for at least 18 months.
- You must apply for individual coverage within 63 days before your COBRA ends.

When COBRA coverage ends, the insurance company or your administrator will provide you with a "Certificate of Creditable Coverage" to present within 63 days to the new insurance carrier. Because of

HIPAA, if you have been insured under an employer's health plan, even briefly, you will be permitted to maintain health insurance indefinitely, even after employment terminates all the way to Medicare.

Thus, it's extremely important to start shopping for insurance coverage before you reach the end of the 18-month period and lose coverage. If your COBRA benefit ends, and you don't qualify for Medicare or Medicaid, you are guaranteed coverage in the individual market, even if you have a pre-existing condition. To learn more about health insurance options visit the Texas Department of Insurance's website at www.texashealthoptions.com and the U.S. Department of Health and Human Services' website at www.healthcare.gov.