

An Employer's Guide to Navigating COBRA

Who's Subject to What COBRA?

Employers with 20 or more employees = Federal COBRA

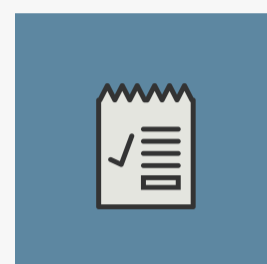


Employers with less than 20 employees = Cal-COBRA



How Do I Count My Employees?

Both FT and PT employees are counted. Each PT employee counts as a fraction of a FT employee, similar to full-time equivalent (FTE) count under the ACA.



You remain in your COBRA category for the ENTIRE calendar year, regardless of increases/decreases in employee count.

Be sure to notify your carrier by January 1st if your status changes.

Are you using the updated model COBRA notices?

Not sure if you're using the most up to date notices; Get the new Model Notices [here](#).

Non-Compliance Penalties

Plans that violate COBRA provisions can face up to 3 different monetary penalties:

1. Non-deductible IRS excise tax penalty equal to \$100 per day, per affected beneficiary (\$200 max if more than one family member is affected), per violation.
2. ERISA statutory penalties under the DOL of up to \$110 per day from the date of the compliance failure.
3. Civil Action that can result in court, attorney and other fees ranging from \$50,000 to well into the millions.

Steps to Administer Federal COBRA upon Termination

1. Send COBRA Election Notice to employee and/or qualified beneficiaries within 14 days of termination
2. Notify health plan or TPA within 30 days of qualifying event
3. COBRA election is due within 60 days of notification
4. If COBRA coverage is elected, employee/beneficiary has 45 days to make initial premium payment
5. A COBRA enrollee has a 30-day grace period for making payments. Send out the Grace Period notice if needed

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