



# COBRA Illinois



## Comparison of Federal and Illinois Continuation Laws

	FEDERAL (COBRA)	ILLINOIS
<b>Covered Employers and Health Plans</b>	Group health plans (both fully insured and self-funded) maintained by private-sector, state and local government employers with <b>20 or more employees</b> . However, group health plans sponsored by the federal government or by churches are exempt from COBRA.	Fully insured group health plans and health maintenance organization (HMO) coverage, regardless of the group's size. Continuation coverage is not required to include dental care, vision care, prescription drug benefits, disability income, specified disease or similar supplementary benefits that are provided under the group policy. Self-insured plans are not subject to state continuation coverage requirements.  Illinois also has special continuation coverage laws for spouses and dependent children that apply to insured group health plans and group HMO policies.
<b>Qualified Beneficiaries</b>	An employee, spouse or dependent child covered by a group health plan on the day before a qualifying event. In addition, any child born to or placed for adoption with a covered employee during the period of COBRA coverage is considered a qualified beneficiary.	Employees and eligible dependents who were continuously covered by the group health plan during the entire <b>three-month period</b> before the employee's termination or reduction in hours.  Continuation coverage is not available to any person who is covered by Medicare or by any other insured or self-insured group health plan, if the person was not covered by the group health plan immediately prior to the termination or reduction in hours.  In addition, continuation coverage does not apply to any employee who was terminated for committing a work-

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		<p>related felony or theft (for which the employer was in no way responsible) that he or she has admitted to or been convicted of by a court of law.</p> <p><i>Spousal Continuation:</i> Special continuation coverage rules apply to divorced and surviving spouses, spouses of retired employees who are age 55 or older, and their covered dependents.</p> <p><i>Dependent Child Continuation:</i> Special continuation coverage rules apply to dependent children who would otherwise lose coverage because they have attained the policy's limiting age or due to the employee's death (if they are not eligible for coverage under the spousal continuation rules).</p>
<b>Qualifying Events</b>	<p>Events that trigger an obligation to offer COBRA coverage include:</p> <ul style="list-style-type: none"> <li>• Termination of employment for reasons other than gross misconduct (all qualified beneficiaries);</li> <li>• Reduction in the number of hours of employment (all qualified beneficiaries);</li> <li>• Covered employee's becoming entitled to Medicare (spouse and dependent children);</li> <li>• Divorce or legal separation of the covered employee (spouse and dependent children);</li> <li>• Death of the covered employee (spouse and dependent children); and</li> <li>• Loss of dependent child status under the plan (dependent children).</li> </ul>	<p>Events that trigger an obligation to offer continuation coverage to eligible employees and their dependents include:</p> <ul style="list-style-type: none"> <li>• Termination of employment; or</li> <li>• Reduction in the number of hours of employment.</li> </ul> <p><i>Spousal Continuation:</i> Continuation coverage must also be offered to covered spouses and dependent children when coverage would otherwise terminate due to a divorce, the employee's death and, for spouses age 55 or older, the employee's retirement.</p> <p><i>Dependent Child Continuation:</i> Continuation coverage must be offered to covered dependents when coverage would otherwise terminate due to the child's attainment of the policy's limiting age or the employee's death, if the child is not eligible for coverage as a dependent under the spousal continuation rules.</p>
<b>Maximum Continuation Period</b>	<p>The maximum duration of COBRA coverage depends on the type of qualifying event, as follows:</p> <p><b>18 months</b> - Employment termination or reduction in hours of work</p>	<p>The maximum continuation period for qualified beneficiaries who lose coverage due to an employee's termination or reduction in hours is <b>12 months</b>.</p> <p><i>Spousal Continuation:</i> For spouses who are under age 55, the maximum</p>

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	<p><b>29 months</b> – The Social Security Administration (SSA) determines the qualified beneficiary is disabled during the first 60 days of COBRA coverage. This 11-month extension applies to the qualified beneficiary with the disability and all of the qualified beneficiaries in the family.</p> <p><b>36 months</b> – Divorce or legal separation, employee’s death, entitlement to Medicare or loss of dependent child status</p> <p><b>36 months</b> – After a qualifying event that is an employment termination or a reduction in hours of work, a second qualifying event occurs that is the death of the employee, the divorce or legal separation of the covered employee and spouse, Medicare entitlement (in certain circumstances) or loss of dependent child status under the plan.</p>	<p>continuation period is <b>two years</b>. For spouses who are age 55 or older, continuation coverage may last until the spouse is <b>eligible for Medicare</b>.</p> <p><i>Dependent Child Continuation:</i> The maximum continuation period for dependent children is <b>two years</b>.</p>
<b>Early Termination of Coverage</b>	<p>Coverage begins on the date that coverage would otherwise have been lost by reason of a qualifying event and will end at the end of the maximum period. It may end earlier if:</p> <ul style="list-style-type: none"> <li>• Premiums are not paid on a timely basis;</li> <li>• The employer ceases to maintain any group health plan;</li> <li>• After the COBRA election, coverage is obtained with another employer group health plan (including any group health plan of a governmental employer); or</li> <li>• After the COBRA election, a beneficiary becomes entitled to Medicare benefits.</li> </ul>	<p>Continuation coverage must be provided for a period of 12 months from the date coverage would have been lost following a termination or reduction in hours. Coverage may terminate earlier if:</p> <ul style="list-style-type: none"> <li>• The individual becomes eligible for Medicare;</li> <li>• The individual becomes covered by any other group medical, hospital or surgical plan, if he or she was not covered by this plan immediately prior to the termination or reduction in hours;</li> <li>• Premiums are not paid in a timely manner; or</li> <li>• The group plan is terminated and not replaced.</li> </ul> <p><i>Spousal Continuation:</i> Coverage may terminate earlier than the end of the maximum coverage period for spouses if:</p> <ul style="list-style-type: none"> <li>• Premiums are not paid in a timely manner;</li> <li>• Coverage would otherwise terminate under the terms of the</li> </ul>

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		<p>existing policy (except during the first 120 days following the death, divorce or retirement);</p> <ul style="list-style-type: none"> <li>• The spouse (or former spouse) becomes insured under any other group health plan; or</li> <li>• The former spouse remarries.</li> </ul> <p><i>Dependent Child Continuation:</i> Coverage may terminate earlier than the end of the maximum coverage period for dependent children if:</p> <ul style="list-style-type: none"> <li>• Premiums are not paid in a timely manner;</li> <li>• Coverage would otherwise terminate under the terms of the existing policy (if the dependent child was still an eligible dependent of the employee); or</li> <li>• The dependent child becomes an insured employee under another group health plan after electing continuation coverage.</li> </ul>
<p><b>Notice Requirements</b></p>	<p>Health plan administrators must provide an <b>initial general notice</b> when group health coverage begins. When a qualifying event occurs, health plan administrators must provide an <b>election notice</b> regarding rights to COBRA continuation benefits to each qualifying beneficiary who loses plan coverage in connection with the qualifying event.</p> <p>Qualified beneficiaries must respond to this notice and elect COBRA coverage by the <b>60th day</b> after the written notice is sent or the day health care coverage would end, whichever is later.</p> <p>Additional COBRA notice requirements apply under federal law.</p>	<p>A continuation coverage notice must be included in each certificate of coverage. Employers must notify employees of their continuation coverage rights in writing within <b>10 days</b> of termination of employment or reduction in hours.</p> <p>Employees must elect continuation coverage in writing within the <b>30 day period</b> following the later of: (1) the date of employment termination or reduction in hours; or (2) the date on which the employee is given notice of the right to continuation coverage. In no event may the employee elect continuation coverage more than 60 days after the date of employment termination or reduction in hours.</p> <p><i>Spousal Continuation:</i> Spouses must notify the employer or insurer within 30 days of a divorce, death or retirement. The employer must notify the insurer within 15 days of receiving the spouse’s notice, and must send a copy of the notification to the spouse. Spouses have <b>30 days</b> to elect continuation coverage</p>

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		<p>after receiving a notification from the insurer.</p> <p><i>Dependent Child Continuation:</i> Dependent children (or responsible adults acting for them) must notify the employer or insurer within 30 days when coverage would otherwise terminate due to the employee's death or the child's attainment of the policy's limiting age. The employer must notify the insurer within 15 days of receiving this notice. Dependent children (or responsible adults acting for them) have <b>30 days</b> to elect continuation coverage after receiving a notification from the insurer.</p>
<b>Premium Rules</b>	<p>The maximum amount charged to qualified beneficiaries cannot exceed 102 percent of the plan's total cost of coverage for similarly situated individuals. For qualified beneficiaries receiving the 11-month disability extension, the premium for those additional months may be increased to 150 percent of the plan's total cost of coverage.</p> <p>Plans must provide at least 45 days after the election for making an initial premium payment. The plan sponsor may establish due dates for later payments, but it must provide a minimum 30-day grace period for each payment.</p>	<p>An employee electing continuation coverage must pay to the employer, on a monthly basis in advance, the total amount of premium required by the insurer, including that portion of the premium contributed by the employer, if any, but not more than the group rate.</p> <p><i>Spousal Continuation:</i> For spouses under age 55, the premium may not exceed the group rate. For spouses who are age 55 or older, an administration fee (not to exceed 20 percent) may be added to the coverage after two years.</p> <p><i>Dependent Child Continuation:</i> The amount that would be charged if the dependent child were a current employee of the employer (including the amount, if any, that the employer would contribute toward the premium).</p>
<b>Applicable Statutes</b>	IRC § 4980B, ERISA §601 <i>et seq.</i> , 29 CFR §§ 2590.606-1 through 2590.606-4.	215 ILCS 5/367e (mini COBRA), 215 ILCS 5/367.2 (spousal continuation), 215 ILCS 5/367.2-5 (dependent child continuation)
<b>Government Agency Contact</b>	Departments of Labor and Treasury (private sector plans) and Department of Health and Human Services (public sector plans). More information on COBRA coverage is available from the <a href="#">Department of Labor</a> .	<a href="#">Illinois Department of Insurance</a>