

COBRA & "STATE" CONTINUATION



Businesses with 20 or more full time or part time employees in 50% of the typical business days during the previous calendar year are required to offer continuation of coverage under COBRA. Businesses with fewer than 20 employees – the 2 – 20 employee groups – are required to offer continuation of coverage under "State Continuation" regulations. The affected people include employees, the employee's spouse and dependent children. These individuals are called "qualified beneficiaries".

These regulations provide continuation of health coverage, that otherwise would have been terminated due to certain qualified events. The type of qualifying event determines the required amount of time that a plan must offer continuation of the health coverage. Qualifying events include the following:

- + *Termination, voluntary or involuntary*
- + *Reduction in hours to below minimum required to participate in the group health plan*
- + *Employee's death*
- + *Divorce or legal separation from a covered employee*
- + *Loss of dependent status under plan provisions*
- + *Employee's move to Medicare coverage and discontinuation of employer coverage*

COBRA and "State" Continuation administration is a complex process, governed by constantly changing rules and regulations. In addition, virtually every aspect of this administration is extremely time-sensitive, so prompt and proper actions are critical to protect the rights of the employees and dependents as well as protecting the company from heavy fines. A misstep in this administration could jeopardize your business.

AdvisorNet Benefits has partnered with an experienced service provider to offer our clients an excellent affordable resource and to help you avoid the pitfalls of this administration. Please ask your agent for more details about this valuable service.