



An independent licensee of the Blue Cross and Blue Shield Association

FlexShare Benefits

COBRA Continuation Coverage

- As the employer and plan administrator, most employers sponsoring group health plans, health flexible spending accounts and/or health reimbursement arrangements are subject to COBRA (Consolidated Omnibus Budget Reconciliation Act) continuation rights.
- Generally, employers with 20 or more employees on at least half the business days in a calendar year are subject to the COBRA law. Employers with fewer than 20 employees, plus churches and certain government plans, are exempt for the COBRA law, but may be subject to state continuation of coverage laws.
- Smaller health FSAs and HRAs with fewer than 20 employees must follow state mandated mini COBRA statutes.
- COBRA must be offered to participants and their spouses and dependents in health FSAs and health reimbursement arrangements (HRAs) who lose coverage as a result of a qualifying event. Complete losses of coverage, such as from termination of employment or a divorce, are a couple of examples in which COBRA may need to be offered.
- Existing regulations do limit the circumstances in which COBRA must be offered to participants in a health FSA. COBRA may fall under the Special Limited COBRA Obligation if certain conditions are met. The three HIPAA conditions include the Maximum Benefit Condition, Availability Condition, and COBRA Premium Condition. If all three of these are met and the individual's account is overspent, COBRA need not be offered. If the account is under-spent, COBRA must be offered through the end of the plan year. If any of the three HIPAA conditions are not satisfied, regular COBRA rules apply. (the plan may be designed to meet the three HIPAA conditions.)
- Although health FSAs have an Special Limited COBRA Obligation, no such exceptions apply to HRAs because they are considered self-funded welfare benefit plans that provide medical coverage and are subject to the COBRA continuation rule.
- FlexShare Benefits now offers administration of COBRA for health FSAs and HRAs.
- Contact fsb@bcbswy.com for more information.

FlexShare Benefits

PO Box 2266 4000 House Avenue
Cheyenne, WY 82003

307.432.2788 1.888.557.2230 Fax: 307.632.1654

fsb@bcbswy.com www.wyomingblue.com