

BUSINESS Four Rivers JOURNAL

"Your Regional Network for Success"

Our Partners



Law Column

by Tom Keuler

[HOME](#)

COBRA insurance: Don't get left holding the bag



Health insurance coverage is a vital concern for all of us, rich and poor. Without it, our life savings would be fully exposed to the soaring costs of medical treatment. Fortunately, most of us have coverage through our jobs. But what if employment is terminated?

There are federal and state laws guaranteeing continued coverage under an employer health plan following termination. If the plan has at least 20 employees, entitlement is defined under the federal Consolidated Omnibus Budget Reconciliation Act of 1986, otherwise known as COBRA. If the plan has fewer than 20 employees, entitlement is defined under Kentucky law. Though these laws are substantially similar, there are some noted differences.

Under COBRA, anyone in an employer's health plan is entitled to continued coverage under that plan for 18 months following termination, regardless of who initiates the termination. The one exception is if a person is fired for gross misconduct.

If a spouse and dependents are members under the employer's plan, they're entitled to the same coverage. The coverage extends to 36 months if the employee dies or gets divorced. COBRA also affords extended coverage for disabled workers, dependents who come of age and employees who become eligible for Medicare.

People must elect continued coverage under COBRA, and the process is simple. A health plan administrator must send notice within 14 days of the termination, and the worker has 60 days to respond in writing whether or not to continue the insurance. Failure to respond on time results in forfeiture.

A displaced worker must continue paying premiums, but his employer isn't required to contribute anything. The worker may also be required to pay an administration fee of as much as 2 percent of the premium. If the process takes several months, the first payment equals two monthly premiums.

Having paid, a person is entitled to the same benefits as before but also is subject to plan changes. If the employer stops the plan, the coverage ends.

Entitlements and procedure under Kentucky law are a bit different than under COBRA. Under state law: n Continued coverage comes through a separate policy instead of the employer's health plan. The coverage is the same, but in many cases the premiums are higher.

- A person has only 31 days to elect continued coverage or forfeit that right.

Information: Consumer Guide to Getting and Keeping Health Insurance in Kentucky, found at www.healthinsuranceinfo.net/getinsured/kentucky/.

Tom Keuler has been a partner in Paducah's Denton & Keuler law firm for more than 30 years. He represents many of the firm's commercial, industrial and banking clients, and has been special counsel to the City of Paducah and counsel to the Municipal Code Commission in Frankfort.

