Health Insurance Continuation Coverage Under COBRA

Janet Kinzer
Information Research Specialist

January 16, 2009

Congressional Research Service
7-5700
www.crs.gov
R40142

CRS Report for Congress
Prepared for Members and Committees of Congress

Summary

Most Americans with private group health insurance are covered through an employer, coverage that is generally provided to active employees and their families, and may be extended to retirees. A change in an individual's work or family status can result in loss of coverage. In 1985, Congress enacted legislation to provide temporary access to health insurance for qualified individuals who lose coverage due to such changes. Under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA, P.L. 99-272), an employer with 20 or more employees must provide those employees and their families the option of continuing their coverage under the employer's group health insurance plan in the case of certain events. The coverage, usually for 18 months, can last up to 36 months, depending on the nature of the triggering event. The employer is not required to pay for this coverage; instead, the beneficiary can be required to pay up to 102% of the premium. Employers who fail to provide the continued health insurance option are subject to penalties.

In 1987, the Internal Revenue Service issued proposed regulations providing guidance for employers on COBRA. The regulations were finalized in February 1999 and January 2001. Final regulations regarding COBRA notification requirements were issued by the Department of Labor in May 2004.

Some maintain that in requiring employers to provide former employees with the option of continuing their health insurance coverage, COBRA has resulted in extra costs for employers (in the form of increased premiums for employers' group health insurance policies), as well as added administrative burdens. Regardless of costs, others maintain that COBRA should be expanded to include new eligibility categories and longer coverage periods, so that more workers and their families have a source of group health insurance coverage during periods of job or family transitions. They argue that the financial and administrative burdens on employers have been exaggerated.

This report provides background information on continuation health insurance under COBRA and on the COBRA population. It will be updated as events warrant.

Contents

Contacts

Background

Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA, P.L. 99-272) requires employers who offer health insurance to continue coverage for their employees under certain circumstances. Congress enacted the legislation to expand access to coverage for at least those people who became uninsured as a result of changes in their employment or family status. Although the law allows employers to charge 102% of the group plan premium, this can be much less expensive than coverage available in the individual insurance market. The law affects private sector employer group health plans through amendments to the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code. COBRA continuation coverage for employees of state and local governments is required under amendments to the Public Health Service Act. Continuation coverage similar to COBRA is provided to federal employees and employees of the Washington, DC, district government through the law authorizing the Federal Employees Health Benefits program under Title 5 of the U. S. Code.

Before enactment of COBRA, if an employee's job was terminated (voluntarily or involuntarily), the insurance offered by the employer also ceased, usually within 30 to 60 days. Women were especially vulnerable to loss of insurance coverage if they became unemployed, widowed, or divorced. Although some employers offered the option of buying into the group plan, there was no certainty of that option. In 1985, 10 states had laws requiring insurance policies sold in their states to include a continuation of coverage option for laid-off workers. However, self-insured employers (employers that assume the risk of the health care costs of their employees rather than using private insurers) were not regulated by these state-mandated benefit laws; self-insured plans are regulated at the federal level under ERISA. Health insurance coverage for these affected workers and their families was not consistently available.

COBRA Coverage

General Requirements

Under COBRA, employers must offer the option of continued health insurance coverage at group rates to qualified employees and their families who are faced with loss of coverage due to certain events. Coverage generally lasts 18 months but, depending on the circumstances, can last for longer periods. COBRA requirements also apply to self-insured firms. An employer must comply with COBRA even if it does not contribute to the health plan; it need only maintain such a plan to come under the statute's continuation requirements.[1]

Covered Employers

COBRA covers all employers, with the following exceptions:

[1] On Feb. 3, 1999, the Internal Revenue Service (IRS) published final rules (64 *Federal Register* 5160-5188), effective Jan. 1, 2000, defining COBRA coverage requirements. Final rules addressing COBRA issues applying to business reorganizations, bankruptcy, and COBRA's interaction with the Family and Medical Leave Act were issued on Jan. 10, 2001 (66 *Federal Register* 1843-1859). Final rules addressing notification requirements were issued on May 24, 2004 (*69 Federal Register* 30083-30112).

- Small employers. Employers with fewer than 20 employees are not covered under COBRA. An employer is considered to meet the small employer exception during a calendar year if on at least 50% of its typical business days during the preceding calendar year it had fewer than 20 employees.
- Church plans.
- Federal, state, and local governments. Although federal employees are not covered under COBRA, since 1990 employees of the Washington DC district government have been entitled to temporary continuation of coverage (TCC) under the Federal Employees Health Benefits Program (FEHB).[2] Continuation coverage for state and local employees is mandated under the Public Health Service Act with provisions very similar to COBRA's protections. See 42 U.S.C.§ 300bb-1 et seq.

Qualified Beneficiaries

In general, a qualified beneficiary is

- an employee covered under the group health plan who loses coverage due to termination of employment[3] or a reduction in hours;
- a retiree who loses retiree health insurance benefits due to the former employer's bankruptcy under Chapter 11;
- a spouse or dependent child of the covered employee who, on the day before the "qualifying event" (see below), was covered under the employer's group health plan; or
- any child born to or placed for adoption with a covered employee during the period of COBRA coverage.

Qualifying Events

Circumstances that trigger COBRA coverage are known as "qualifying events." A qualifying event must cause an individual to lose health insurance coverage. Losing coverage means ceasing to be covered under the same terms and conditions as those available immediately before the event. For example, if an employee is laid off or changes to part-time status resulting in a loss of health insurance benefits, this is a qualifying event. Or, if an employer requires retiring individuals to pay a higher premium for the same coverage they received immediately before retiring, the retirement can be a qualifying event even though coverage is not lost or benefits reduced. Events that trigger COBRA continuation coverage include

[2] Some variations exist between COBRA and FEHB TCC. For example, there are different eligibility requirements under FEHB, there is no extended coverage for disabled individuals, and there are no bankruptcy provisions. However, the length of coverage and qualifying events under both plans are the same. For more information, see the *Federal Employees Health Benefits Program Handbook*, at http://www.opm.gov/insure/health/reference/handbook/fehb16.asp.

[3] A termination of employment (for reasons other than gross misconduct) can be either voluntary or involuntary. Voluntary reasons include retirement, resignation, and failure to return to work after a leave of absence. Involuntary reasons include layoffs, firings, and the employer's bankruptcy under Chapter 11 of Title 11 of the U.S. Code. Strikes and walkouts might also trigger COBRA coverage if they result in a loss of health insurance coverage.

- termination or reduction in hours of employment (for reasons other than gross misconduct).

Spouses and dependent children can experience the following qualifying events leading to their loss of health insurance coverage:

- the death of the covered employee,
- divorce or legal separation from the employee,
- the employee's becoming eligible for Medicare, and
- the end of a child's dependency under a parent's health insurance policy.

Under the following circumstances, a covered employer must offer a retiring employee access either to COBRA or to a retiree plan that satisfies COBRA's requirements for benefits, duration, and premium:

- If a covered employer offers no retiree health plan, the retiring employee must be offered COBRA coverage.
- If the employer does offer a retiree health plan but it is different from the coverage the employee had immediately before retirement (for example, if the plan is only offered for six months or if the premium is higher than it was for the employee immediately before the retirement), the employer must offer the option of COBRA coverage in addition to the offer of the alternative retiree plan. If the retiring employee opts for the alternative coverage and declines COBRA coverage, then she or he is no longer eligible for COBRA.
- If the employer's retiree health plan satisfies COBRA's requirements for benefits, premium, and duration, the employer is not required to offer a COBRA option upon the employee's retiring, and the coverage provided by the retiree plan can be counted against the maximum COBRA coverage period that applies to the retiree, spouse, and dependent children. If the employer terminates the plan before the maximum coverage period has expired, COBRA coverage must be offered for the remainder of the period.
- The only other access a retiree has to COBRA coverage is in the event that a former employer terminates the retiree health plan under a bankruptcy reorganization under Chapter 11. This option would be available only to those retirees who are receiving retiree health insurance. In this case, the coverage can continue until the death of the retiree. The retiree's spouse and dependent children may purchase COBRA coverage from the former employer for 36 months after the retiree's death.

Nature of COBRA Coverage

The continuation coverage must be identical to that provided to "similarly situated non-COBRA beneficiaries." The term "similarly situated" is intended to ensure that beneficiaries have access to the same options as those who have not experienced a qualifying event. For example, if the employer offers an open season for non-COBRA beneficiaries to change their health plan coverage, the COBRA beneficiary must also be able to take advantage of the open season. By the

same token, COBRA continuation coverage can be terminated if an employer terminates health insurance coverage for all employees.

Duration of Coverage

The duration of COBRA coverage can vary, depending on the qualifying event.

- In general, when a covered employee experiences a termination or reduction in hours of employment, the continued coverage for the employee and the employee's spouse and dependent children must continue for 18 months.
- Retirees who lose retiree health insurance benefits due to the bankruptcy (a reorganization under Chapter 11) of their former employer may elect COBRA coverage that can continue until their death. The spouse and dependent children of the retiree may continue the coverage for an additional 36 months after the death of the retiree.
- For all the other qualifying events listed above (death of employee, divorce or legal separation from employee, employee's becoming eligible for Medicare, the end of a child's dependent status under the parents' health policy), the coverage for the qualified beneficiaries must be continued for 36 months.

Different provisions apply to disabled individuals. If the Social Security Administration (SSA) makes a determination that the date of an individual's onset of disability occurred during the first 60 days of COBRA coverage or earlier,[4] the employee and the employee's spouse and dependents are eligible for an additional 11 months of continuation coverage. This is a total of 29 months from the date of the qualifying event (which must have been a termination or reduction in hours of employment). This provision was designed to provide a source of coverage while individuals wait for Medicare coverage to begin. After a determination of disability, there is a five-month waiting period for Social Security disability cash benefits and another 24-month waiting period for Medicare benefits. See "Paying for COBRA" section below regarding the premium for this additional 11 months.

Under some conditions, COBRA coverage can end earlier than the full term. Although coverage must begin on the date of the qualifying event, it can end on the earliest of the following:

- the first day for which timely payment of the premium is not made [Payment is timely if it is made within 30 days of the payment due date. Payment cannot be required before 45 days after the date of election (see below)];
- the date on which the employer ceases to maintain any group health plan;[5]
- the first day after the qualified beneficiary becomes actually covered (and not just eligible to be covered) under another employer's group health plan, unless the new plan excludes coverage for a preexisting condition;[6] or

[4] In most cases, the SSA makes its disability determination later than within the first 60 days of COBRA coverage. However, the date of the disability onset can be set retroactively to a date within the first 60 days.

[5] A bankruptcy under Chapter 7 of Title 11of the U.S. Code would be such an instance. Chapter 7 bankruptcies (business liquidations) are distinct from Chapter 11 (reorganization) bankruptcies. Under Chapter 7, the employer goes out of existence. COBRA is provided through the employer; if there is no employer, there is no COBRA obligation. Under Chapter 11, the employer remains in business and must therefore honor his COBRA obligations.

- the date the qualified beneficiary is entitled to Medicare benefits, if this condition is specified in the group health plan.

If a COBRA-covered beneficiary receiving coverage through a region-specific plan (such as a managed care organization) moves out of that area, the employer is required to provide coverage in the new area if this can be done under one of the employer's existing plans. For example, if the employer's plan is through an insurer licensed in the new area to provide the same coverage available to the employer's similarly-situated non-COBRA employees. Further, if this same coverage would not be available in the new area, but the employer maintains another plan for employees who are not similarly-situated to the beneficiary (such as a plan offered to management or another group within the firm) that would be available in the new area, then that alternative coverage must be offered to the beneficiary. If, however, the only coverage offered by the employer is not available in the new area, the employer is not obliged to offer any other coverage to the relocating beneficiary.

COBRA Coverage and Medicare

For the working elderly Medicare law requires that employers with 20 or more employees must offer workers over age 65 with current employment status (and the worker's spouse if family plans are offered) the same coverage as is made available to other employees. In these cases, the employer's plan is the primary payer of health claims and Medicare is the secondary payer. Similarly, large employers (those with 100 employees or more) must offer this coverage to disabled active workers. Employers of any size are the primary payers of health claims for Medicare-covered end-stage renal disease beneficiaries for the first 30 months of their coverage.

If a working aged employee becomes eligible for Medicare and *subsequently* experiences a qualifying event (e.g., retirement, termination of employment) that causes family members to lose coverage, then the individual would be eligible for 18 months of COBRA coverage from the date of the qualifying event. The family members would be eligible for COBRA coverage for up to 36 months from the date on which the employee becomes eligible for Medicare. For example, if an employee becomes eligible for Medicare in January 2008 and then retires in January 2009, the covered family members would be eligible for COBRA for 24 months. However, no matter when the second qualifying event occurs, COBRA coverage for qualified family members can never be less than 18 months.

If an individual is receiving COBRA benefits and becomes eligible for Medicare during the 18 month period, COBRA regulations allow COBRA benefits to terminate. In this case, the retiree's covered family members would be eligible for 36 months of COBRA coverage.

(...continued)

[6] Under the Health Insurance Portability and Accountability Act (P.L. 104-191), the new health plan cannot impose a pre-existing condition limitation or exclusion longer than 12 months after the enrollment date. The new group plan must reduce the pre-existing condition limitation period by one month for every month the individual had creditable coverage under the previous plan or COBRA. If the individual has not had 12 months of such creditable coverage, the new plan can impose an appropriate limitation period. In this case, the individual may maintain COBRA coverage under the former employer's plan.

Notice Requirements

Employers, employees, and the employer's health plan administrators all have to meet requirements for notifying each other regarding COBRA.

- At the time an employee first becomes covered under a health plan, the plan administrator must provide written notification to the employee and his or her spouse regarding COBRA rights if a qualifying event should occur.

If a qualifying event occurs, other notices are required.

- The employer must notify the plan administrator of the event within 30 days of the death of the employee, a termination, or reduction in hours, the employee's becoming entitled to Medicare, or the beginning of bankruptcy proceedings.
- Within 14 days of receiving the employer's notice, the plan administrator must notify, in writing, each covered employee and his or her spouse of their right to elect continued coverage.
- The employee must notify the employer or plan administrator within 60 days of a divorce or legal separation of a covered employee or a dependent child's ceasing to be a dependent of the covered employee under the policy.
- COBRA beneficiaries who are determined by the SSA to have been disabled within the first 60 days of COBRA coverage must notify the plan administrator of this determination in order to be eligible for the additional 11 months of coverage. They must provide this notice within 60 days of receiving the SSA's decision.

Elections

A qualified individual must choose whether to elect COBRA coverage within an election period. This period is 60 days from the later of two dates: the date coverage would be lost due to the qualifying event, or the date that the beneficiary is sent notice of his right to elect COBRA coverage. The beneficiary must provide the employer or plan administrator with a formal notice of election. Coverage is retroactive to the date of the qualifying event. The employee or other affected person may also waive COBRA coverage. If that waiver is then revoked within the election period, COBRA coverage must still be provided. However, coverage begins on the date of the revocation rather than the date of the qualifying event. The Trade Act of 2002 (P.L. 107-210) provided for a temporary extension of the election period for those individuals who qualified for the Health Coverage Tax Credit (HCTC). Under the provision, if qualified individuals who did not elect COBRA coverage during the regular election period can elect continuation coverage within the first 60-day period beginning on the first day of the month when they were determined to have met the qualifications. For a further discussion of the HCTC, see CRS Report RL32620, *Health Coverage Tax Credit Authorized by the Trade Act of 2002*, by Bernadette Fernandez.

Paying for COBRA

Employers are not required to pay for the cost of COBRA coverage. They are permitted to charge the covered beneficiary 100% of the premium (both the portion paid by the employee and the portion paid by the employer, if any), plus an additional 2% administrative fee. For disabled

individuals who qualify for an additional 11 months of COBRA coverage, the employer may charge 150% of the premium for these months. The plan must allow a qualified beneficiary to pay for the coverage in monthly installments, although alternative intervals may also be offered.

Conversion Option

Some states require insurers to offer group health plan beneficiaries the option of converting their group coverage to individual coverage. Conversion enables individuals to buy health insurance from the employer's plan without being subject to medical screening. Under the Health Insurance Portability and Accountability Act (HIPAA, P.L. 104-191), a person moving from the group to individual insurance market is guaranteed access to health insurance coverage either under federal requirements or an acceptable alternative state mechanism. The beneficiary must have exhausted all COBRA coverage before moving to the individual market. Although the policy must be issued, the premium might be higher than the premium under a group plan. Despite the higher premiums, the conversion option may be attractive to a person who would otherwise have difficulty obtaining health insurance because of a major illness or disability.

Penalties for Noncompliance

Private group health plans are subject to an IRS excise tax for each violation involving a COBRA beneficiary. In general, the tax is $100 per day per beneficiary for each day of the period of noncompliance. ERISA also contains civil penalties of up to $100 per day for failure to provide the employee with the required COBRA notifications. State and local plans covered under the Public Health Service Act are not subject to the same financial penalties provided under the tax code or ERISA. However, state and local employees do have the right to bring an "action for appropriate equitable relief" if they are "aggrieved by the failure of a state, political subdivision, or agency or instrumentality thereof" to provide continuation health insurance coverage as required under the act.

Issues

COBRA was enacted to provide access to group health insurance for people who lose their employer-sponsored coverage, and thus to help reduce the number of uninsured. However, the law has limitations in its effectiveness in covering persons leaving the workforce and, from the point of view of both employees and employers, has costs that can be burdensome.

Number of Beneficiaries and Duration of Coverage

Statistical data on COBRA beneficiaries is sparse, however some data is collected. The Medical Expenditure Panel Survey, Agency for Health Care Quality and Research, U.S. Department of Health and Human Services, provides an annual estimate of COBRA beneficiaries, based on survey data:[7]

[7] Medical Expenditure Panel Survey, Agency for Health Care Quality and Research, National totals for enrollees and cost of hospitalization and physician service health plans for the private sector and ...Government Sector, http://www.meps.ahrq.gov/mepsweb/data_stats/quick_tables_results.jsp?component=2&subcomponent=1&year=-(continued...)

- 2006: 3,114,000
- 2005: 2,562,000
- 2004: 2,847,000

Charles D. Spencer & Associates[8], employee benefits analysts, surveyed employers who subscribe to their service regarding COBRA, capturing information on about 14,000 COBRA beneficiaries. Their 2006 COBRA Survey found that about 27% of those who were eligible for COBRA benefits elected to take them.[9] In 2004 about 20% of those eligible elected coverage, and the average beneficiary under an 18-month qualifying event kept their COBRA coverage for 10 months. The average beneficiary under a 36-month qualifying event kept their coverage for just under 18 months.[10]

Data from a 2003 study indicates that COBRA coverage is a short-term source of health insurance for most beneficiaries. About 17% of COBRA electees drop their coverage after one month. By six months 67% of the electees have dropped their COBRA coverage. In this study, about 46% of those who dropped their COBRA coverage became uninsured.[11]

Coverage Issues

The universe of individuals covered by COBRA is limited in a number of ways. The small employer exception exempts employers with fewer than 20 employees from offering COBRA coverage. COBRA coverage is not extended to individuals who work for an employer, regardless of size, who does not offer group health insurance. Nor is it available to an employee who declines coverage under an employer's plan. In 2007 this limited eligibility for COBRA benefits to the 62% of workers who carried employer-sponsored health insurance.

If an employer declares bankruptcy under Chapter 7 or simply discontinues operation, COBRA is not an option for employees who might otherwise have been eligible for COBRA benefits.

COBRA provides for continuation of coverage for family members when an employer extends health insurance benefits to the family of the employee. In 2001 the Urban Institute estimated that only 57% of moderate-income workers and their adult dependents would have been eligible for COBRA if they had become unemployed. That figure drops to 32% for low-income workers (below 200% of federal poverty level).[12]

(...continued)

1&tableSeries=4&searchText=&SearchMethod=1&Action=Search.

[8] Charles D. Spencer & Associates, Inc., survey's their subscribers every-other year. Because this survey does not represent a random sampling of employers, it is not known whether its findings are representative of all employers in the United States.

[9] "Cost of COBRA was 145% of Active Employee Cost, According to Spencer's 2006 COBRA Survey", *Benefits News*, Commerce Clearing House, December, 19, 2006.

[10] "2004 COBRA Survey: Fewer Were Eligible, More Elected, Cost Was 146% of Active Employee Cost", *Employee Benefit Plan Review*, December, 2004.

[11] "Health Insurance for Workers Who Lose Jobs: Implications for Various Subsidy Schemes" *Health Affairs*, May-June, 2003.

[12] Could Subsidizing COBRA Health Insurance Coverage Help Most Low-income Unemployed?, *Urban Institute*, October, 2001, http://www.urban.org/UploadedPDF/410351_HPOnline_2.pdf.

Employer Size

Currently, COBRA provides an exception for employers with fewer than 20 employees. According to figures from the Census Bureau's Statistics of U.S. Business, in 2004 approximately 21.2 million people, or 19% of employees covered in the survey, worked in firms with fewer than 20 employees.[13] Although 39 states require that continuation coverage be offered to employees in smaller firms, the coverage is not always as extensive as COBRA.

Retirees

Many retirees obtain health insurance coverage through retiree plans offered by their former employers. About 14% of early retirees receive health benefits from a former employer; an additional 5% are covered through a spouse's former employer[14]. The number of employers who offer retiree plans has been falling. For example, the 2008 Kaiser annual employer survey[15] reported that the percentage of employers with 200+ employees who offered retiree health benefits had dropped from 66% in 1988 to 31% in 2008. Small firms are less likely to offer such coverage: 4% of firms with 3 to 199 workers offered retiree plans in 2008.

For retirees who are under age 65, and the near-elderly, those aged 55-65, separated from employment, COBRA coverage can be an important source of health insurance: the 18 months of COBRA benefits provide a bridge to Medicare for those who are close to 65. When COBRA benefits run out, the near-elderly can have unique problems finding health insurance coverage on the individual market.[16] The Census Bureau estimates that, in 2006, approximately 13% of people aged 55-64, many of whom are retirees, were uninsured.

Cost Issues

Employees are concerned about the cost of COBRA coverage. A Kaiser study[17] provides figures for the average premiums for employer-sponsored health insurance coverage in 2008: $4,704 for individual coverage, and $12,680 for a family policy. On average, employers covered approximately 73% of the premium for a family plan. Under COBRA, the employee must pay 102% of the premium, or approximately $4,798 for an individual, and $12,932 for a family, for a year's coverage priced at the average cost. This can be a hardship for newly-unemployed individuals. An individual depending on unemployment insurance could expect to pay over 80% of his/her unemployment insurance income on health insurance premiums for their family. [18]

---

[13] U.S. Census Bureau, Statistics about Business Size (including Small Business) from the U.S. Census Bureau, http://www.census.gov/epcd/www/smallbus.html.

[14] Urban Institute, *What Happens to Health Benefits After Retirement*?, 2004, http://www.urban.org/UploadedPDF/1001053_Health_Benefits.pdf.

[15] Kaiser Family Foundation, Retiree Health Benefits Examined, Results of the Kaiser/Hewitt 2008 Survey on Retiree Health Benefits, December, 2008, http://ehbs.kff.org/images/abstract/7791.pdf.

[16] For more on this topic see Health Insurance Coverage of People Aged 55 to 64, Chris Peterson, *Congressional Research Service*, July 28, 2008, http://apps.crs.gov/products/rl/pdf/RL34596.pdf, and Health Insurance Coverage for Retirees, Hinda Chaikind, *Congressional Research Service*, January 22, 2007, http://apps.crs.gov/products/rl/pdf/RL32944.pdf.

[17] Kaiser Family Foundation and Health Research and Educational Trust, *Employer Health Benefits, 2008 Annual Survey*, September 2008, http://ehbs.kff.org/pdf/7790.pdf.

[18] Families USA, *Squeezed ! Caught Between Unemployment Benefits and Health Care Costs*, January 2009, (continued...)

Employers also express concerns about costs. Spencer & Associates, in their 2006 survey, reported that average claim costs for COBRA beneficiaries exceeded the average claim for an active employee by 45%. The average annual health insurance costs per active employee was $6,831, and the COBRA cost was $9,914. The Spencer Associates analysts contend that this indicates that the COBRA population is sicker than active covered employees, and that the 2% administrative fee allowed in the law is insufficient to offset the difference in claims costs.

A 2004 study noted that " ... of the companies that could compare COBRA costs and active costs, 25% reported COBRA costs that were lower. About 52% of the companies had COBRA costs between 100% and 200%, and 23% had COBRA costs that were more than two times active employee costs."[19]

In a 1998 report on private health insurance[20], Government Accountability Office auditors noted "There are only limited quantitative data on adverse selection attributable to COBRA. Though this evidence suggests that COBRA enrollees are on average more expensive than active employees, it is insufficient support for a generalized conclusion. Instead, the evidence tends to underscore the randomness of high-cost cases.... "

Author Contact Information

Janet Kinzer
Information Research Specialist
jkinzer@crs.loc.gov, 7-7561

(...continued)

http://www.familiesusa.org/resources/publications/reports/cobra.html.

[19] "2004 COBRA Survey: Fewer Were Eligible, More Elected, Cost Was 146% of Active Employee Cost," *Employee Benefit Plan Review*, December 2004.

[20] U.S. General Accounting Office, P*rivate Health Insurance: Declining Employer Coverage May Affect Access for 55- to 64-Year-Olds*, Pub. no. GAO/HEHS-98-133, Washington: GAO, 1998, http://www.gao.gov/archive/1998/he98133.pdf.