



**BBP Admin**  
BENEFITS ADMINISTRATION

COBRA, FMLA, FSA, HRA, HSA, TRANSIT

info@bbpadmin.com  
www.bbpadmin.com  
630 773 2337

## Medicare Eligibility and COBRA

Medicare eligibility can extend, shorten, or not affect COBRA coverage, and puzzling out which case applies is complicated. Acting incorrectly is costly to participants, and while you are no longer covering their premium, the administrative fees add up.

On top of that, incorrectly canceling a former employee's coverage can cause headaches for HR and PR alike. If your employee becomes eligible for Medicare after electing COBRA, their COBRA coverage may be terminated early. However, for other dependents, Medicare eligibility can extend COBRA, and for other eligible employees, COBRA eligibility can complicate Medicare enrollment.

Sounds a little confusing. Let's go over Medicare eligibility and COBRA on a case-by-case basis, for employees and their dependents.

**1)** An employee experiences a COBRA qualifying event (such as a termination or a reduction in hours) within 18 months after becoming entitled to Medicare.

**Employee:** The employee is still entitled to a basic maximum COBRA period of 18 months after the qualifying event. The offer of COBRA coverage may not be withheld due to Medicare entitlement, nor may it be terminated early. As long as a qualified beneficiary becomes entitled to Medicare before electing COBRA, they have the right to elect COBRA coverage.

**Dependents:** Spouses and other eligible dependents become entitled to COBRA coverage for a period of 36 months after the employee became eligible for Medicare. Note this is different for the employee, whose COBRA entitlement is based on when their COBRA qualifying event occurred.

**2)** An employee experiences a COBRA qualifying event, then becomes entitled to Medicare during the COBRA period.

**Employee:** In this case, the Medicare entitlement ends the employee's COBRA period early.

**Dependents:** This does not affect the COBRA rights of qualified dependents. They may continue with their COBRA period so long as they are not entitled to Medicare.

**3)** An employee becomes entitled to Medicare and decides to forego the employer plan, with Medicare as their sole insurer.

**Employee:** Nothing happens. The employee is no longer covered under their employer's plan, and is instead covered under Medicare

**Dependents:** This count as a first qualifying event for spouses and eligible children or other dependents. If they were on your employee's plan, they become entitled to COBRA if the switch to Medicare causes them to lose coverage under the group health plan.

**4)** An employee becomes entitled to Medicare, but does not enroll in order to maintain COBRA eligibility.

**Employee:** COBRA coverage is not considered a "group health plan based upon current employment." This means that employees who do not enroll when first eligible do not have special enrollment rights. They will likely have to pay more for Medicare after COBRA coverage ends.

**Dependents:** So long as they are not also entitled to Medicare, dependents are still entitled to COBRA coverage.

Figuring out Medicare entitlement can be confusing enough. When you add in COBRA eligibility, employees and benefits managers alike can get lost. If you have more questions, check out our COBRA administration solutions [here](#).