



COBRA Will Soon be Completely Obsolete Thanks to the Affordable Care Act

There is no reason, whatsoever, to not repeal COBRA, effective January 1, 2014. The Consolidated Omnibus Budget Reconciliation Act of 1985, more commonly known as COBRA, is a federal law that provides workers and their families the right to remain on a former employer's health plan should they lose their job for any reason, experience a transition period between changing jobs, have their working hours reduced to part-time or experience other specified life events. Individuals exercising this right must pay up to 102 percent of the cost of the health plan and can remain on the plan for 18 months. The purpose of this law was to prevent individuals from having a coverage gap of 63 days. This is important, because before the passage of The Affordable Care Act (ACA) health insurers could only deny coverage for a pre-existing condition if the individual experienced a gap in health insurance coverage.

For plan years beginning on or after January 1, 2014, the ACA mandates that no individual can be denied health care coverage due to a pre-existing condition. Elimination of the pre-existing condition exclusion for children took effect September 1, 2010.

COBRA applies to any employer with 20 or more workers. Human resources directors and administrators at employers subject to COBRA will often complain about the costs and complexity of administering COBRA benefits. In fact, many hire outside firms that specialize as COBRA administrators because managing this requirement with internal resources is often impossible.

Now that the Supreme Court has affirmed the constitutionality of the ACA (with one exception related to Medicaid) and President Obama has retained the White House, Congress should enact legislation to repeal COBRA effective January 1, 2014.

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