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# Client Talking Points 2006

for Consultants and Brokers

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## COBRA: Timing of Dependent Status Events and COBRA Liability

- Do your clients' employees notify the employer on a timely basis when their children graduate or stop attending college?
- What action should you take if the notification occurs after the COBRA defined 60 day period?
- What action should you take if the notification occurs four months after graduation?
- How frequently do you monitor student status of eligible dependents over age 18 or 19?
- What risk is associated with ineligible dependents on your health plan?

### Case Studies

An employer is eager to ensure that all covered dependents are truly eligible to be on their health plan based on their specific definitions of an eligible dependent. Sometimes dependents will stop attending college or other qualifying educational facilities mid-year. What action is taken mid-year to monitor student status? Without proactive quarterly outreach, such a dependent could lose eligibility during the year and the employer or health plan will be unaware. The student status change is often identified when the former student requires healthcare and the carrier asks for proof of student status. What would the employer do if this inquiry occurs in April and the dependent has not been a student since December?

### Issues

- The employer would advise the employee that their plan defined the "loss of dependent status event" to be in December, usually the last day of school, or the end of the month of the last day of school
- Is this employer prepared to defend their communication process with regard to COBRA rights and eligibility if the employee or dependent challenges the process?
  - 1) Can the employer prove that they sent a COBRA General Rights Notice to the covered employee and spouse when they became covered by the benefits?
  - 2) Does the COBRA General Rights Notice clearly communicate the requirement to notify the employer and/or COBRA administrator within 60 days of the loss of coverage due to loss of dependent status?
  - 3) Since the 60 days have passed, would the employer be confident enough in their COBRA rights communication and documentation to take the action of sending the dependent a Notice of Unavailability, since the 60-day timeframe had passed?
- The covered beneficiaries, which include the employee, spouse and/or dependent have 60 days from the Qualifying Event and/or the date that coverage is lost due to the Qualifying Event to notify the employer and/or the COBRA administrator of the COBRA Qualifying Event.

### Solution

Many employers may not feel confident saying no to a request for COBRA continuation, even when the person requesting COBRA benefits is not eligible. With CONEXIS as the COBRA administrator, your clients will have an experienced, unbiased third party to handle the challenging questions and situations.

For compliant, comprehensive, and cost effective benefits administration solutions you and your clients can rely on, contact CONEXIS for a proposal or additional information. A CONEXIS representative is available toll-free at 877-CONEXIS (266-3947) or via e-mail at [CXSALES@conexis.com](mailto:CXSALES@conexis.com).