

# Guidelines for Cal-COBRA & Federal COBRA

Current State (Cal-COBRA) and Federal (COBRA) laws allow for continuation of group health benefits to individuals who lose coverage as a result of certain qualifying events (e.g. termination of employment, reduction of work hours, divorce, Medicare entitlement, and loss of dependent child status).

Because the responsibility for the administration of these laws lie in different areas, it is essential to your compliance of the law that *CHOICE* Administrators® be notified of your Cal-COBRA/COBRA status.

**Please review the guidelines below to determine your employer status and check appropriate box on the Employer Application.**

## If you had 2-19 employees during at least 50% of the preceding calendar year:

Generally, a company is subject to the provisions of Cal-COBRA if it offers a group health plan and only has 2 to 19 eligible employees on at least 50 percent of its typical business days **during the preceding calendar year.**

All full-time employees, part-time employees and self-employed persons (e.g. partners in a law firm) are considered employees for the purposes of this rule regardless of whether or not they are eligible for coverage under the employer's group health plan. Leased employees also count as employees. However, all agents or independent contractors (and their employees, agents and independent contractors), as well as corporate directors, are treated as employees only if they are eligible for coverage under the group health plan.

Employers must aggregate employees from all divisions, subsidiaries and any other entities that make up a controlled group of corporations. In general, a controlled group of corporations may consist of a parent-subsidiary controlled group, brother-sister controlled group, or a combined group as defined by IRS Code Section 414b.

## If you had 20 or more employees during at least 50% of the preceding calendar year:

Generally, a company is subject to the provisions of Federal COBRA if it offers a group health plan and has 20 or more employees on at least 50 percent of its typical business days **during the preceding calendar year.**

Both full-time and part-time employees are considered as employees for purposes of this rule regardless of whether or not they are eligible for coverage under the employer's group health plan. However, under the 1999 final IRS regulations, an employer is only required to count common-law employees when determining whether they meet the 20-employee requirement. **Self-employed individuals, agents, independent contractors and corporate directors are not treated as employees for COBRA purposes and need not be counted.**

Employers must aggregate employees from all divisions, subsidiaries and any other entities that make up a controlled group of corporations. In general, a controlled group of corporations may consist of a parent-subsidiary controlled group, brother-sister controlled group, or a combined group as defined under the IRS Code Section 414b.

If you would like a representative from CONEXIS to contact you with more information about their COBRA Administration services, please complete the information below and return it with your Employer Application.

\_\_\_\_\_  
Print Name

(      )  
\_\_\_\_\_  
Phone

\_\_\_\_\_  
Company

\_\_\_\_\_  
Email

*CHOICE* Administrators®, 721 South Parker, Suite 200, Orange, CA 92868



**KAISER PERMANENTE CHOICE SOLUTION**  
A *CHOICE* Administrators® Program

**HSA California**  
Invest in Your Health.