

Federal COBRA & HRA Requirements



Groups subject to Federal COBRA **MUST** allow the former employee an opportunity to COBRA the HRA benefit in conjunction with the medical benefit. If you are subject to State Continuation (not COBRA), the HRA is typically not eligible for continuation, as State Continuation commonly is applicable to only fully insured medical plans.

How They Work Together

If an employee and/or their dependents had medical benefits and the HRA plan at the time the employee left employment and is subject to being offered COBRA, then the employee **MUST** be offered the option to elect the HRA benefit. An employee is **NOT PERMITTED** to elect the HRA benefit alone. The HRA may **ONLY** be elected if the individual continues with their medical benefits through COBRA.

The Employee's Rate

The employee (and their dependents, if applicable) would be charged the total monthly rate of the medical premium currently charged to the Employer (plus a 2% administrative fee). The employee (and their dependents, if applicable) would also be charged the cost of the HRA benefit (if elected). This is calculated by taking the current annual HRA benefit and dividing it by 12 (represents the same 12-month period that coincides with the annual deductible of their insurance) plus a 2% administrative fee.

(EX: \$2000 [HRA annual] ÷ 12 [12 months] = \$166.66 + 2% [\$3.33] = \$169.99 HRA COBRA Premium). While there are multiple ways to calculate the HRA COBRA premium, the simplest and most economical method accepted is by taking the annual benefit and dividing it by 12 months.