



HIPAA's Effect on COBRA

Dear Reader:

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We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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HIPAA's Effect on COBRA

Reference Number: MTAS-902

HIPAA

The Health Insurance Portability and Accountability Act of 1996 was passed after COBRA went into effect. HIPAA is not directly related to COBRA although HIPAA does make some key changes to COBRA's continuation of coverage. The Health Insurance Portability and Accountability Act (1996) (HIPAA)

HIPAA'S Effect on COBRA While HIPAA and COBRA are separate laws, HIPAA does affect COBRA continuation coverage. Effective January 1, 1997, HIPAA made changes to COBRA continuation coverage in the areas of disability extension, definition of qualified beneficiary, and the duration of COBRA continuation coverage. HIPAA's main purpose was to provide protection against pre-existing condition exclusions if a person avoids a gap in insurance coverage longer than 63 days (including COBRA coverage).

HIPAA made three primary changes to COBRA:

Continuation period

Under HIPAA legislation, disabled individuals (as deemed so under the Social Security Act) are entitled to 29 months of COBRA continuation coverage if they become disabled during the first 60 days of COBRA coverage. HIPAA also ensures that if the individual entitled to the disability extension has non-disabled family members who are entitled to COBRA continuation coverage, those non-disabled family members also are entitled to the 29 months disability extension. Under the prior law, individuals had to be deemed disabled at time of the initial QE in order to qualify for the 29 months.

Coverage termination

HIPAA made a coordinating change to the COBRA rules so that if a group health plan limits or excludes benefits for pre-existing conditions but because of the new HIPAA rules those limits or exclusions would not apply to (or would be satisfied by) an individual receiving COBRA continuation coverage, the plan providing the COBRA coverage can stop making the coverage available.

Continuation coverage for children

COBRA rules were revised so that children adopted by the covered employee during the COBRA period are considered QBs.

Certificate of Creditable Coverage

Reference Number: MTAS-1543

HIPAA certificates of creditable coverage are no longer required as of January 1, 2015. Effective January 1, 2015, group health plans and insurers are no longer required to issue a certificate of creditable coverage ("HIPAA Certificate") to individuals who lost group health plan coverage.

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