
COBRA and Medicare

Do you need assistance navigating between COBRA and Medicare?

SmartConnect agents are here to help you or your family navigate any questions you have regarding COBRA and Medicare. Call us at (833)502-2747 to speak with a licensed agent today.

The Consolidated Omnibus Budget Reconciliation Act (COBRA) allows people to stay on an employer's group health plan for a limited time after employment ends. This is also called "continuation coverage."

- This typically lasts 18 months but can last up to 36 months.
- COBRA coverage can be expensive, and the same coverage will cost more than before employment ended.

How Medicare and COBRA work together depends on which type of coverage you had first.

If you have Medicare prior to becoming eligible for COBRA, you can have both Medicare and COBRA. Medicare pays first, and COBRA pays second.

In this situation, you have two options:

- 1) You can enroll in COBRA and keep your Medicare coverage. Note: you will be responsible for paying both your Medicare Part B premium and COBRA monthly premium.
- 2) You can decide to turn down COBRA and only have Medicare coverage. If you have dependents that are covered by your COBRA, make sure to discuss this with your benefits coordinator before you make a final decision.

If you have COBRA prior to becoming eligible for Medicare, your COBRA coverage may end.

In this situation:

- Because you won't be fully covered with COBRA, you should enroll in Medicare Part A and Part B when you are first eligible to avoid a late enrollment penalty and delays in coverage.

Additionally, make sure to enroll in Medicare Part A and B even if you are accepting COBRA coverage. This is the case even if:

- You are eligible for Medicare but have not enrolled.
- You have Medicare Part A only.

Important considerations and timelines when transitioning from COBRA to Medicare:

You may be allowed to keep COBRA coverage as a secondary payer to Medicare.

- Be sure to ask your employer if your prescription coverage under COBRA is considered “creditable” (meaning your plan meets a minimum set of qualifications).
- If you keep COBRA prescription coverage, and it is creditable, you may delay enrolling into a Medicare Part D drug plan until your COBRA ends. You will not have to pay a Part D late enrollment penalty.
- If you decline COBRA coverage, you have 63 days to enroll into a Part D drug plan.

If you accept and maintain COBRA coverage for the full 18 months (or 36 months), upon expiration:

- You have 63 days to enroll in a Part D drug plan without a late enrollment penalty.
- You have up to 8 months after your employment ends to enroll in Part B.

If you wait until after your COBRA ends (whether in 18 or 36 months), you may not be able to get coverage right away and you may have to pay a permanent late enrollment penalty.

If your family members have COBRA through your former employer, they may be able to continue their COBRA coverage for a period of time, even after your COBRA coverage ends when you become eligible for Medicare.

Please note: the rules are different if you qualify for Medicare due to End-Stage Renal Disease (ESRD). In this case, your COBRA coverage is primary during the 30-month coordination period.