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Employee Benefits – Question of the Month

April 2020

Q: Can you sort something out for me? During our open enrollment period we had employees decrease coverage (for example, from family coverage to employee only). Do these employees' spouses and/or dependents who are losing coverage qualify for COBRA? We're trying to determine if we need to notify our COBRA administrator when these types of coverage changes are made.

A: Those types of changes in coverage level could be COBRA-qualifying events for the individuals losing coverage, but only if the loss of coverage resulted from certain specified situations. For example, if an employee went from employee+spouse coverage to employee-only coverage, it would be a qualifying event if it was a result of a divorce but not if the spouse simply decided to take coverage through her employer's plan.

Here is a list of the qualifying events that are most likely to be at issue when an employee drops family, spouse, or dependent coverage during open enrollment:

- Divorce or legal separation of the covered employee from his or her spouse (COBRA may need to be offered to the spouse);
- A dependent child ceases to be a dependent (i.e., coverage is dropped for a dependent who has turned 26 during the year or a stepchild who is losing dependent status due to a divorce);
- Reduction of hours for the covered employee (COBRA might need to be offered to family members if the employee is allowed to stay on the plan but he decides to reduce coverage level due to reduced hours; this is not a common scenario);
- A covered employee becomes entitled to benefits under Medicare (for the spouse/dependents; this is also not common).

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