



Mini-Guide: Coordinating Medicare and COBRA

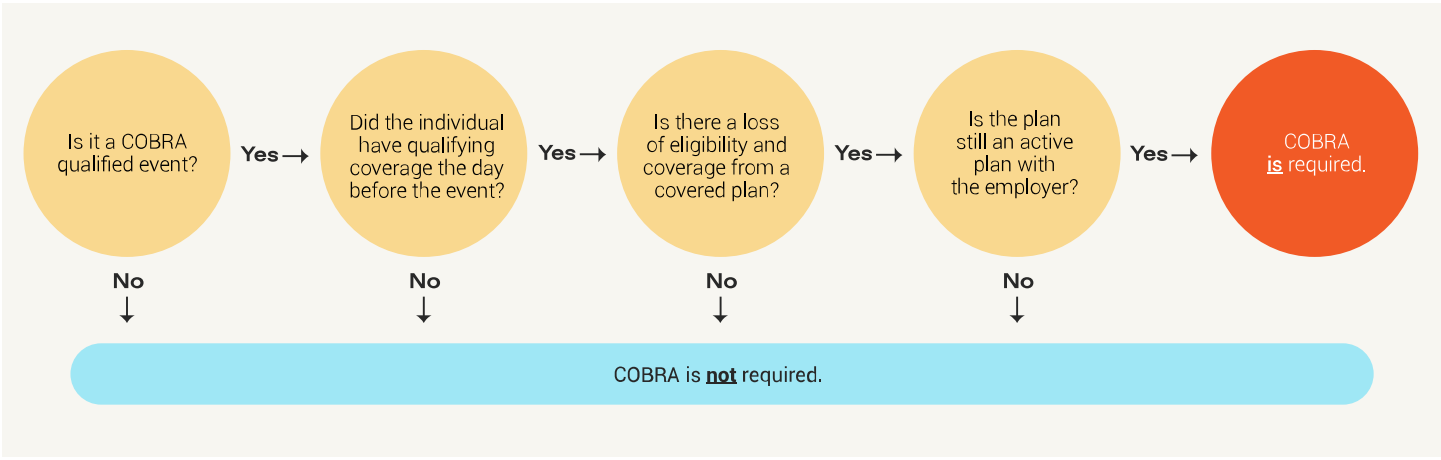
Consult this guide to determine the best course of action when an employee enrolls in Medicare while still on your group health plan.

Overview

This guide explains how Medicare (Part A or Part B) interacts with federal COBRA continuation coverage when an employee enrolls in Medicare while still covered under an employer’s group health plan. Employers may struggle to determine when COBRA must be offered, when it does not apply, and how [Medicare Secondary Payer \(MSP\) rules](#) affects these decisions.

Because Medicare’s coordination depends on whether coverage is provided through the group health plan (GHP), it is important to understand how GHP rules and COBRA interact. This mini-guide provides a step-by-step framework, simple flowcharts, and a comparison table to clarify the interaction between COBRA and GHP rules.

Important: A “no” answer to any of the questions in the flowchart may mean COBRA continuation coverage is not required for the individual or event.



Step 2: Apply COBRA Rules

If the GHP is **primary** → Enrollment in Medicare (Part A or Part B) alone does not trigger COBRA. The employee and dependents can remain covered under the GHP. If the employee voluntarily drops coverage after enrolling in Medicare, COBRA does not apply.

If the GHP is **secondary** → The plan document may be written to automatically terminate coverage upon an employee’s enrollment in Medicare. In that case, COBRA must be offered to eligible qualified beneficiaries.

Alternatively, some plan documents are written to allow continued coverage but coordinate benefits as if the employee were enrolled in Medicare. In that case, the plan may pay only the portion it would owe as the secondary payer, even if the employee chooses not to enroll in Medicare. Because coverage continues in this scenario, COBRA would not be offered.

Because plan terms vary, employers should confirm the applicable rules with their carrier, third-party administrator (TPA), or stop-loss provider.

Step-by-Step Framework

Step 1: Determine Who Pays First

Medicare’s role as the primary or secondary payer depends on the size of the employer and the reason for Medicare eligibility. This determines whether enrollment in Medicare Part A or B is considered a COBRA qualifying event.

Enrollment Situation	Who Pays First?
Age 65+ and actively employed, employer has 20+ employees	GHP primary , Medicare secondary
Disabled, under 65, and actively employed, employer has 100+ employees	GHP primary , Medicare secondary
End-stage renal disease (ESRD), first 30 months of Medicare, employers of any size	GHP primary , then Medicare primary
Other situations (employers with less than 20 employees, individuals post-employment, individuals beyond ESRD 30 months)	Medicare primary , GHP secondary

Step 3: Determine if the Special Rule Applies

If an employee’s termination of employment or reduction in hours occurs within 18 months before the employee’s Medicare effective date, the employee’s dependents may extend COBRA to the later of (a) 36 months after the employee’s Medicare effective date, or (b) 18 months (29 with a disability extension) after the loss of GHP coverage.

Example: Nova enrolls in Medicare with an effective date of October 1, 2026, while still covered under the employer’s GHP with their spouse and child. Nova resigns on March 31, 2027, resulting in a loss of GHP coverage.

Result:

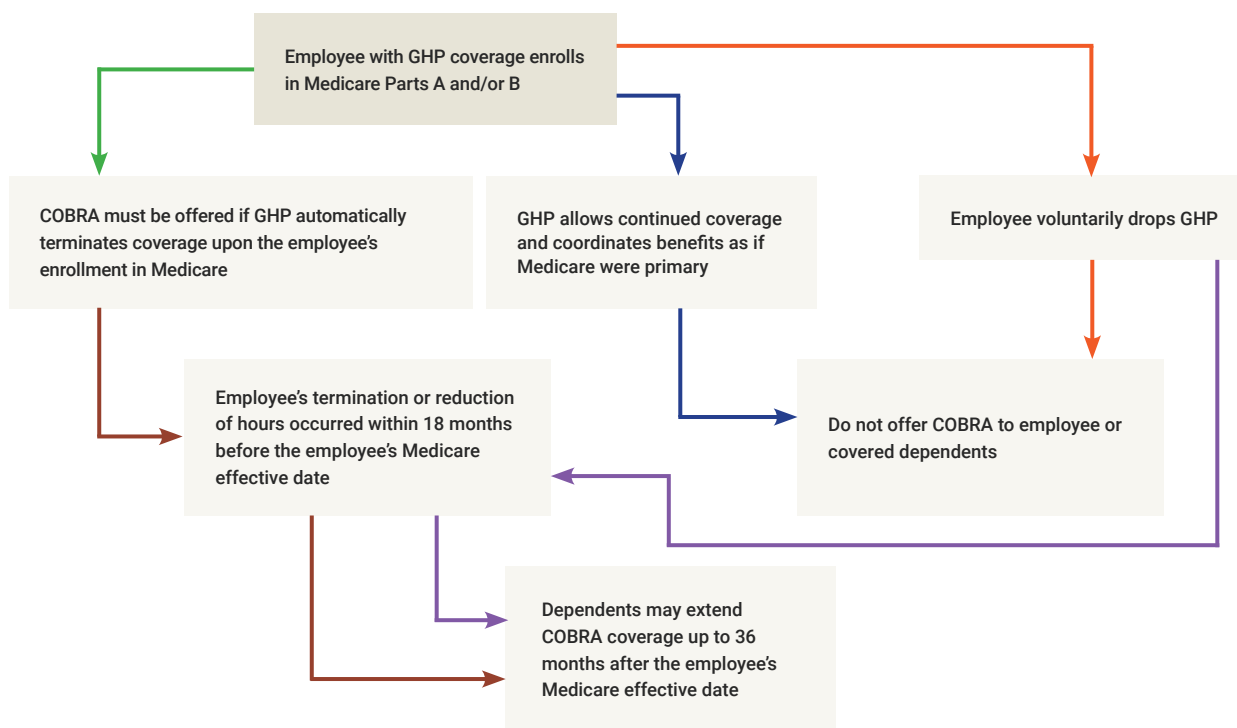
- Nova → Eligible for 18 months of COBRA
- Spouse/child → Eligible for 30 months of COBRA (36 months minus the 6 months Nova had already been covered by Medicare)

Flowchart: Medicare Enrollment (GHP is **secondary**)

For employers with fewer than 20 employees: The GHP is secondary.*

For employers with 20–99 employees: The GHP is secondary for active employees (and covered spouses or dependents) enrolled in Medicare due to disability (under 65).

*While federal COBRA generally applies only to employers with 20 or more employees, and Medicare is typically primary for employers with fewer than 20, the methods for counting employees differ under each set of rules. Because of this, there can be situations where COBRA applies even though Medicare remains the primary payer.



Flowchart: Medicare Enrollment (GHP is **primary**)

For employers with 100 or more employees: The GHP is primary for active employees and their covered dependents whose Medicare eligibility is based on either age (65 or older) or disability (under 65).

For employers with 20–99 employees: The GHP is primary for active

employees (and covered spouses) enrolled in Medicare due to age (65 or older).

The GHP is the primary payer for the first 30 months for individuals with end-stage renal disease (ESRD).

