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What Exactly Are 'Mini-COBRA' Laws?

April 1, 2025 | Rachel Zheliabovskii



COBRA was enacted in 1986 to give workers who are separating from their employment — whether voluntarily or involuntarily — the option of continuing their employer-provided health insurance coverage temporarily at group rates by paying the full premiums.

Federal COBRA vs. Mini-COBRA

The [federal act](https://www.shrm.org/topics-tools/tools/need-to-know-cobra-continuation-coverage) - (<https://www.shrm.org/topics-tools/tools/need-to-know-cobra-continuation-coverage>) only regulates private-sector companies with 20 or more employees. States must therefore pass laws to offer the insurance extension to smaller businesses as well. These state laws are called “mini-COBRA” laws.

“You can almost think of it as two separate circles,” said Christine Keller, an attorney with Groom Law Group in Washington, D.C. “There’s mini-COBRA and there’s federal COBRA, and they don’t really intersect.”

According to Frank Palmieri, an attorney with Palmieri & Eisenberg in Princeton, N.J. 43 states and Washington, D.C., decided that they wanted to protect small businesses, and so they created rules that are similar but not exactly aligned with federal COBRA.”

State mini-COBRA laws differ slightly. For example, while mini-COBRA laws apply to companies with fewer than 20 employees, each state has its own method of counting qualified employees. A business in California may tip into the federal COBRA category if it has 20 or more employees on 50% of the working days in the previous calendar year. It is therefore crucial for employers close to the 20-employee threshold to review their state guidelines.

Duration of Mini-COBRA

While federal COBRA lasts 18-36 months, the duration of mini-COBRA varies based on the specific law.

In California, for example, an individual will be covered under their former employer’s plan for up to 36 months, whereas in Washington, D.C., the limit is three months.

States with No Mini-COBRA

Not every state has mini-COBRA laws, however. "In those cases," said Keller, "probably the individuals who lose coverage will wind up purchasing an individual policy on their own or go to the exchange."

Hare explained that these states rely completely on the Affordable Care Act (ACA) exchange, which provides plenty of affordable coverage options. While the coverage may not be as comprehensive as a group plan, the premiums may be lower. But the ACA serves an important role not only in the states lacking mini-COBRA laws.

Choosing Between Mini-COBRA and the ACA

Mini-COBRA laws may allow employees to stay on their previous employers' health plans following separation, but there are financial downsides to consider. Because these individuals must cover not only their own contribution but also their employer's, plus a percentage of administrative fees, the cost of mini-COBRA coverage is not cheap.

This is where the ACA marketplace may present a better alternative to mini-COBRA, especially if an individual has very little income. Palmieri explained the decision that people must make: If they have ACA coverage in Pennsylvania, "it's very reasonable to have a gold plan, a silver plan; it's not exorbitant." But if someone separates from service in Virginia, ACA coverage "is catastrophically expensive." The choice between mini-COBRA coverage and marketplace coverage is therefore dependent on an individual's circumstances and the state in which they live.

The Role of the Employer

When it comes to mini-COBRA compliance, employers do not have very many responsibilities. "Employers have to communicate [mini-COBRA rights], they have notice obligations, but at the end of the day, the bulk of it really does fall on [the insurance companies]," Palmieri said. When an employee leaves their job, the company must inform the employee of their eligibility for mini-COBRA and provide the relevant paperwork. Thereafter, the role of the employer is to coordinate with their insurer to ensure they are satisfying administrative requirements.

An employer will also need to be familiar with the rules of their state. "They all start as laws that are similar to [federal] COBRA," Keller said, "but then each state will have its own little twist." This could look like different notice requirements, with some states having shorter notice periods. To remain compliant, employers should review these distinctions.

Employer Cautions

Though employer mini-COBRA duties may be limited, there is no room for complacency. Companies must "pay attention to the details of the timing of the notices, the content of the notices, and to make sure that individuals understand their rights before it becomes an issue," Keller said.

She added that COBRA is one of the most litigated areas of benefits law, so it is in employers' best interest to take their time getting comfortable with [compliance - \(https://www.shrm.org/topics-tools/tools/hr-answers/common-cobra-administration-errors-how-can-employers-avoid-correct \)](https://www.shrm.org/topics-tools/tools/hr-answers/common-cobra-administration-errors-how-can-employers-avoid-correct). A mistake can be as simple as forgetting to send out notices or a file getting lost in transit. The remedy is "always to send the notice," Keller said. "Otherwise, you have a potential liability out there."

Another common error is for employers to accidentally leave a terminated employee on their payroll or active employee list. Assuming the individual continues to pay their contributions for medical coverage, it is thus possible for a company to unknowingly pay the employer contribution for an employee who is no longer working. In this situation, an employer would need to consult legal counsel on how to reduce mini-COBRA or COBRA coverage to counteract losses.

The Future of Mini-COBRA

While mini-COBRA once served an important role in protecting terminated employees, the ACA has added a significant level of security. "For the most part," Keller said, "states have focused on making sure there's coverage available through the marketplace and exchange."

With all these existing options, there is less pressure on states to enact mini-COBRA laws concerning small businesses.

However, if the ACA went away, "COBRA and mini-COBRA would be more important again," Palmieri noted. As it stands, mini-COBRA laws present a viable option to the many small business employees across the U.S.