

Mini-COBRA Subsidy Extension for Individuals in a Transition Period Notice

Instructions for Employers

For individuals who have received the full nine months of premium assistance required under ARRA, to notify them about the changes made to the premium reduction provisions by the 2010 DOD Act.

1. This notice must be sent to all beneficiaries who have received the full nine months of premium assistance required under ARRA and either (i) did not make any payment for subsequent periods of coverage or (ii) made payment of the full premium otherwise required to maintain continuation coverage absent the subsidy. This notice is to advise them of the extension of the premium reduction from nine to fifteen months and any action needed.
2. This notice must be provided to these individuals within 60 days of the first day of the “transition period”. (*The “transition period” begins immediately after the end of the nine months of premium reduction originally in effect under ARRA, as long as those nine months have already ended.*)
3. Enter your account name, your address, the contact name of the individual responsible for mini-COBRA administration, and the telephone number for the contact person.
4. Check off the applicable box to indicate whether the beneficiary did or did not continue to make premium payments after the subsidy was exhausted.
5. **When and how payment for mini-COBRA continuation coverage must be made:** Enter the total amount the beneficiary will be required to pay for the 35% of premium costs in order for him/her to be current, the monthly reduced payment, total premiums the beneficiary has paid since the end of the reduced premium period, the months to which the excess premiums will be applied, the amount of premium due after the credits have been applied, the deadline for the beneficiary to submit his/her monthly premium payment, and the mini-COBRA start and end dates.
6. The entire package should be sent to the beneficiary.

Account name: _____
Contact name: _____
Street address: _____
City, State, Zip Code: _____
Telephone number: _____

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For individuals who have received the full nine months of premium assistance required under ARRA, to notify them about the changes made to the premium reduction provisions by the 2010 DOD Act.

Date: _____

Dear: _____

This notice contains important updated information about additional benefits you may have, related to your mini-COBRA continuation care coverage in your group health plan. Please read the information contained in this notice very carefully.

The American Recovery and Reinvestment Act of 2009 (ARRA), enacted on February 17, 2009, provides a subsidy of mini-COBRA premiums for employees involuntarily terminated from employment between September 1, 2008 and December 31, 2009. These “assistance eligible individuals” (AEIs) are only required to pay 35 percent of their mini-COBRA premiums for a period of nine months. You are receiving this notice because you experienced a loss of coverage at some time on or after September 1, 2008, chose to elect Massachusetts mini-COBRA continuation coverage and received the full nine months of premium assistance to pay for your mini-COBRA premiums.

On December 19, 2009, ARRA was amended by the Department of Defense Appropriations Act, 2010 (2010 DOD Act) to:

- Extend the duration of the mini-COBRA premium subsidy from nine to up to fifteen months, and
- Extend the eligibility period for the mini-COBRA premium subsidy for two additional months, making the subsidy available to individuals who have an involuntary termination of employment through February 28, 2010.

The following applies to you because you have already received the full nine months of premium assistance, and you:

- ☐ Did not make any payment for subsequent periods of coverage to maintain your mini-COBRA continuation of coverage:
- Under the 2010 DOD Act, you are entitled to a grace period to pay the reduced premium and resume your coverage. You must pay the 35 percent of all outstanding premium costs by February 17, 2010, or 30 days after you receive this notice, whichever is later.
 - As a reminder, if you are eligible for other group health coverage (such as a spouse’s plan or Medicare), you are not eligible for the premium reduction. **See the attached “Summary of the Continuation Coverage Premium Reduction Provisions Under ARRA, as Amended” for more details regarding eligibility, restrictions, and obligations.**

When and how must payment for mini-COBRA continuation coverage be made?:

If you believe you still meet the criteria for the premium reduction, please submit \$ _____ to us at the above address, by February 17, 2010, or 30 days after you receive this notice, whichever is later.

Once you have made this payment for your continued coverage, your premium payment of _____ must be received each month on or by the _____ day of the month to ensure that your mini-COBRA coverage remains current. Late or missing payments may result in an interruption or cancellation of your coverage.

Your mini-COBRA continuation coverage began on _____ and can last until _____.

☐ **You are currently paying the full premium otherwise required to maintain coverage absent the subsidy:**

- You may resume paying the reduced amount of 35 percent, and excess premiums you have already paid will be credited toward your future months of coverage.
- Your premium subsidy will automatically be extended to fifteen months unless you notify us that you are no longer eligible for the premium reduction. As a reminder, if you are eligible for other group health coverage (such as a spouse's plan or Medicare), you are not eligible for the premium reduction. **See the attached "Summary of the Continuation Coverage Premium Reduction Provisions Under ARRA, as Amended" for more details regarding eligibility, restrictions, and obligations.**

When and how must payment for mini-COBRA continuation coverage be made?

According to our records, you have paid _____ in premiums since you reached the end of the reduced premium period under ARRA. This amount will cover your premiums for the period _____, 2009 through _____, 2010. Your next premium payment of _____ is due by _____.

Whether or not you qualify for the premium subsidy, your premium payment must be received in full each month on or by the _____ day of the month to ensure that your coverage remains current. Late or missing payments may result in an interruption or cancellation of mini-COBRA coverage.

Your mini-COBRA continuation coverage began on _____ and can last until _____.

If you have any questions about this notice or your rights to continuation coverage, please contact us at the number on the previous page. The information on the following page is a reminder of your mini-COBRA rights.

Notice of Right to Continue Group Health Coverage for Mini-COBRA

How much does mini-COBRA continuation coverage cost?

Generally, each qualified beneficiary may be required to pay the entire cost of mini-COBRA coverage. The amount a qualified beneficiary may be required to pay may not exceed 102 percent (or, in the case of an extension of continuation coverage due to a disability, 150 percent) of the cost to the group health plan (including both employer and beneficiary contributions) for coverage of a similarly situated plan participant or beneficiary who is not receiving continuation coverage.

The American Recovery and Reinvestment Act of 2009 (ARRA), as amended by the Department of Defense Appropriations Act, 2010, reduces the mini-COBRA coverage premium in some cases. The premium reduction is available to certain individuals who experience a qualifying event relating to continuation coverage that is an involuntary termination of employment during the period beginning with September 1, 2008 and ending with February 28, 2010. If you qualify for the premium reduction, you need only pay 35 percent of the mini-COBRA coverage premium otherwise due to your employer. This premium reduction is available for up to fifteen months. If your mini-COBRA coverage lasts for more than fifteen months, you will have to pay the full amount to continue your mini-COBRA continuation coverage. **See the attached “Summary of the Continuation Coverage Premium Reduction Provisions Under ARRA, as Amended” for more details regarding eligibility, restrictions, and obligations.**

The Trade Act of 2002 created a tax credit for certain individuals who become eligible for trade adjustment assistance and for certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC).¹

If you have questions about these provisions, you may call the Health Coverage Tax Credit Customer Contact Center toll-free at **1-866-628-4282 (TTY: 1-866-626-4282)**. More information about the Trade Act is also available at www.doleta.gov/tradeact.

When and how must payment for mini-COBRA continuation coverage be made?

Whether or not you qualify for the premium subsidy, your premium payment must be received in full each month on or by the _____ day of the month to ensure that your coverage remains current. Late or missing payments may result in an interruption or cancellation of mini-COBRA coverage. The Department of Defense Appropriations Act, 2010 provides an extended period of time for certain periods of coverage. If you have reached the end of the reduced premium period, you can make a retroactive payment of the reduced premium(s) for the period(s) of coverage immediately following what would have been the last period subject to the premium reduction. This payment must be made by the later of February 17, 2010, 30 days from the date this notice was provided to you, or the end of the otherwise applicable payment grace period.

For More Information

This notice does not fully describe mini-COBRA continuation coverage. More information about continuation coverage and your rights under your group health plan is available in your original mini-COBRA election notice, the summary plan description, or from us at the address on the previous page.

Keep Us Informed of Address Changes

In order to protect you and your family's rights, you should keep us informed of any changes in your address and the addresses of family members. You should also keep a copy of any notices you send to us for your records.

¹ Under the tax provisions, eligible individuals can either take a tax credit or get advance payment of 65 percent of premiums paid for qualified health insurance, including continuation coverage. ARRA made several amendments to these provisions, including an increase in the amount of the credit to 80 percent of premiums for coverage before January 1, 2011 and temporary extensions of the maximum period of COBRA continuation coverage for PBGC recipients (covered employees who have a non-forfeitable right to a benefit, any portion of which is to be paid by the PBGC and TAA-eligible individuals).

Summary of the Continuation Coverage Premium Reduction Provisions under ARRA, as Amended



President Obama signed the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. On December 19, 2009, the President signed the Department of Defense Appropriations Act, 2010. These laws give "Assistance Eligible Individuals" the right to pay reduced continuation coverage premiums for periods of coverage beginning on or after February 17, 2009 and can last up to 15 months.

To be considered an "Assistance Eligible Individual" and get reduced premiums you:

- **MUST** have a continuation coverage election opportunity related to an involuntary termination of employment that occurred at any time from September 1, 2008 through February 28, 2010;
- **MUST** elect the coverage;
- **MUST NOT** be eligible for Medicare; AND
- **MUST NOT** be eligible for coverage under any other group health plan, such as a plan sponsored by a successor employer or a spouse's employer.*

Individuals whose nine month premium reduction ended also have an opportunity to make a payment to continue coverage at the reduced rates. These payments must be made by the later of February 17, 2010, 30 days from the date the notice regarding the ARRA amendment that extended the premium reduction to 15 months was provided, or the end of the otherwise applicable payment grace period.

◆ IMPORTANT ◆

- ◇ If, after you elect continuation coverage and while you are paying the reduced premium, you become eligible for other group health plan coverage or Medicare you **MUST** notify the plan in writing. If you do not, you may be subject to a tax penalty.
- ◇ Electing the premium reduction disqualifies you for the Health Coverage Tax Credit. If you are eligible for the Health Coverage Tax Credit, which could be more valuable than the premium reduction, you will have received a notification from the IRS.
- ◇ The amount of the premium reduction is recaptured for certain high income individuals. If the amount you earn for the year is more than \$125,000 (or \$250,000 for married couples filing a joint Federal income tax return) all or part of the premium reduction may be recaptured by an increase in your income tax liability for the year. If you think that your income may exceed the amounts above, you may wish to consider waiving your right to the premium reduction. For more information, consult your tax preparer or visit the IRS webpage on ARRA at www.irs.gov.

For general information regarding our continuation coverage please contact us.

For specific information related to our administration of the ARRA Premium Reduction or to notify us of your ineligibility to continue paying reduced premiums, please contact us.

If you are denied treatment as an "Assistance Eligible Individual" you may have the right to have the denial reviewed. For more information regarding reviews or for general information about the ARRA Premium Reduction go to:

www.ContinuationCoverage.net or call (866) 400-6689

* Generally, this does not include coverage for only dental, vision, counseling, or referral services; coverage under a health flexible spending arrangement; or treatment that is furnished in an on-site medical facility maintained by the employer.