



MASSACHUSETTS

January 2010

Dear Valued Customer:

This notice applies to your business only if it is subject to Massachusetts mini-COBRA laws.* There has been an amendment to the COBRA subsidy program previously enacted under the American Recovery and Reinvestment Act of 2009 (ARRA). Certain provisions contained in this amendment require your immediate action.

As we mentioned in previous communications, ARRA provides a temporary subsidy of COBRA and mini-COBRA premiums for certain 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 COBRA or mini-COBRA premiums for a period of up to 9 months. The remaining 65 percent of the premiums are to be recovered by credits against payroll taxes paid by employers or multi-employer plans for COBRA premiums, and by insurers for mini-COBRA premiums. Visit BlueLinks for Employers at www.bluecrossma.com/employer for additional details.

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

- Extend the duration of the COBRA or mini-COBRA premium subsidy from 9 months to up to 15 months; and
- Extend the eligibility period for the COBRA or mini-COBRA premium subsidy for two months, making the subsidy available to individuals who have an involuntary termination of employment through February 28, 2010.

Please note that neither ARRA nor the 2010 DOD Act extends the maximum mini-COBRA continuation of coverage period, so individuals may not qualify for the full 15 months of the subsidy if their 18 months of mini-COBRA ends first. Individuals also may not qualify for the full 15 months of the subsidy if they become eligible for other group coverage as described on the following pages.

Notice Requirement

The 2010 DOD Act requires that individuals be notified of the extension of the mini-COBRA premium subsidy. Time frame requirements for notices vary depending on the affected individuals, as explained in more detail on the following pages. Please note that under the terms of our Premium Account Agreement, you are required to send the notices to affected individuals. To assist you in meeting the notice requirements, we have posted the documents referenced on the following pages to www.bluecrossma.com/employer.

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* Generally, insured groups with 2 to 19 employees (that are not otherwise subject to federal COBRA) are subject to Massachusetts mini-COBRA.



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A. For AEIs Who Have Exhausted Their Nine Months of Subsidy Reduction

Some AEIs may have previously elected and received the subsidy but their nine months of subsidy have already been exhausted. These AEIs are considered to be in a “transition period” (the period that begins immediately after the end of the nine months of premium subsidy originally in effect under ARRA).

Notice to Be Used

The *Mini-COBRA Subsidy Extension for Individuals in a Transition Period Notice* should be used to advise AEIs whose nine months of subsidy have been exhausted about (i) the extension of the premium subsidy, and (ii) the availability of either a grace period to pay the reduced premium or a credit for future months of coverage.

Immediate Action Required

- You should immediately identify and contact all AEIs who have exhausted the full nine months of premium assistance. These AEIs must be notified within 60 days of the first day of their transition period. This means that AEIs who exhausted their subsidy on November 30, 2009, must be provided the notice by January 29, 2010.
- AEIs who exhausted their premium subsidy and did not maintain mini-COBRA coverage are entitled to re-enroll and have a grace period to pay the reduced premium. To resume their coverage, they must pay 35 percent of the premium costs by February 17, 2010, or 30 days after you provide the notice of the extension, whichever is later. Once you receive the premium payment from the AEI, please follow your standard enrollment process for re-enrolling the member in your plan (with no break in coverage) and submit the premium payment to us.
- Under the new law, AEIs who exhausted their premium subsidy and have been paying the full premium to maintain continuation coverage are entitled to a credit for future months of coverage, or a reimbursement of the overpayment. The premium subsidy for these AEIs will automatically be extended to up to 15 months, unless we are informed by you that there has been a change in the individual’s mini-COBRA enrollment status or subsidy eligibility status. All overpayments received on behalf of AEIs who paid the full 100 percent of premium costs will be credited toward your future premium bills.

Blue Cross Blue Shield of Massachusetts will forward an updated *Monthly Payment Expectation Form* when/if your premium payments need to be adjusted.

B. For AEIs Currently Receiving the Subsidy

AEIs who have not yet exhausted their nine months of subsidy and are currently paying the subsidized premium amount must be notified of the changes made by the 2010 DOD Act to extend the mini-COBRA premium subsidy.

Notice to Be Used

The *Mini-COBRA Subsidy Extension for Current Assistance Eligible Individuals Notice* should be used to notify current AEIs about the extension.

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Immediate Action Required

You should immediately identify and notify all AEIs who are currently paying the subsidized premium. These individuals must be notified of the subsidy extension by February 17, 2010.

Blue Cross Blue Shield of Massachusetts will automatically extend the premium subsidy period for all currently identified AEIs by six months, unless we receive notice from you that there has been a change to the individual's mini-COBRA enrollment status or subsidy eligibility status.

Blue Cross Blue Shield of Massachusetts will forward an updated *Monthly Payment Expectation Form* when/if your premium payments need to be adjusted.

[C. For Individuals Who Have a Qualifying Event for Mini-COBRA on or after October 31, 2009 through February 28, 2010](#)

Notice to Be Used

The *Mini-COBRA Continuation Coverage Election and Subsidy Notice—Revised* should be sent to:

- Any individuals who have a qualifying event for mini-COBRA purposes through February 28, 2010, (including those individuals where the event has already occurred but for whom you have yet to send a notice) to advise them of their election rights and the updated premium subsidy information.
- Any individuals who experienced an involuntary termination of employment (with loss of health coverage) on or after October 31, 2009, to inform them of the subsidy extension, even if you have already provided a mini-COBRA notice to these individuals.
- Any of the above individuals who have already completed and submitted a mini-COBRA election form and/or a *Request For Treatment as an Assistance Eligible Individual* form; however, they do not have to complete new forms.

Immediate Action Required

You should immediately identify all individuals whose employment was terminated on or after October 31, 2009, and have already been sent a mini-COBRA election notice, and provide the revised notice listed above. This notice must be provided by February 17, 2010. You should also immediately begin using the new notice described above for any individuals experiencing a qualifying event through February 28, 2010. While the subsidy is only available to individuals who were involuntarily terminated, all individuals qualifying for mini-COBRA coverage must receive this updated version of the mini-COBRA election notice.

ARRA, as amended by the 2010 DOD Act, provides that individuals may be eligible for the premium subsidy if they have a mini-COBRA qualifying event that is the employee's involuntary termination of employment at any point up until February 28, 2010, and they elect mini-COBRA coverage within the standard time frame for electing mini-COBRA coverage.

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Blue Cross Blue Shield of Massachusetts will continue to follow the previously established processes to administer the mini-COBRA premium subsidy program with the new extensions.

Important Reminder—ARRA Premium Subsidy Eligibility

The ARRA premium subsidy, as amended, is generally available to individuals who are involuntary terminated from employment during the period from September 1, 2008 through February 28, 2010, who elect mini-COBRA coverage, and who are not eligible for other group coverage. The premium subsidy ends upon the earliest of: (i) eligibility for other group coverage, (ii) eligibility for Medicare, (iii) after 15 months of the premium subsidy, or (iv) when the maximum period of mini-COBRA coverage ends.

Individuals who have been approved for the premium subsidy must inform you if they become eligible for coverage under another group health plan or Medicare, by completing the *Participant Notification* form included in the mini-COBRA notice. Please contact us regarding any change to an individual's eligibility for the premium subsidy and continue to follow your standard enrollment process to update the eligibility in your plan when an individual has exhausted the maximum period of mini-COBRA coverage.

This letter is for informational purposes and does not contain legal advice. We suggest you consult with your legal counsel for advice about ARRA, the 2010 DOD Act, and other legal requirements that may affect your business.

Sincerely,

A handwritten signature in black ink that reads "Timothy J. O'Brien".

Timothy J. O'Brien
Senior Vice President
Sales Division