



MASSACHUSETTS

May 2009

Dear Business Partner:

This notice applies to your business only if it is subject to Massachusetts mini-COBRA laws! **The passage of the new American Recovery and Reinvestment Act (ARRA) requires you to take immediate action.**

As we mentioned in the March issue of *Important Administrative Information (IAI)*, Blue Cross Blue Shield of Massachusetts is in the process of assessing the impact of the ARRA subsidy provision on accounts that are subject to state continuation of coverage requirements (referred to as “mini-COBRA” laws); however, in an effort to provide you with timely information, we are notifying you about action that needs to be taken now.

If your business is subject to federal COBRA or Massachusetts mini-COBRA laws, you should consult with your legal counsel to make sure you understand how the new federal laws affect your business.<sup>2</sup>

ARRA allows for a subsidy of COBRA for employees involuntarily terminated between September 1, 2008 and December 31, 2009. These “assistance eligible individuals” (AEIs) will only be required to pay 35 percent of their COBRA premiums for a period of up to nine months. The remaining 65 percent of the COBRA premium will be reimbursed by the federal government to employers or health plans through payroll tax credits.

ARRA requires notification to certain individuals about the availability of the premium reduction for COBRA or mini-COBRA coverage. Different notices are required for different groups of qualified beneficiaries. To assist you in meeting the notification requirements, we have posted two model notices, with instructions, to the Blue Cross Blue Shield of Massachusetts website at [www.bluecrossma.com/employer](http://www.bluecrossma.com/employer).

#### A. For Individuals Currently on Mini-COBRA

Beneficiaries who had a qualifying event between September 1, 2008 and February 17, 2009, and are currently covered because of Massachusetts mini-COBRA must be notified about the availability of a 65 percent premium reduction. Under current law, beneficiaries who experienced a qualifying event between September 1, 2008 and February 17, 2009, but did not elect mini-COBRA when it was first offered, or who did elect mini-COBRA but are no longer enrolled, are not eligible for the subsidy and do not need to be notified.

*(continued)*

1. Generally speaking, insured groups with 2 to 19 employees (that are not otherwise subject to federal COBRA) are subject to Massachusetts mini-COBRA.
2. Generally, employers who had at least 20 employees on half of the business days during the previous calendar year are subject to COBRA. If a group health plan is maintained by an affiliated group of employers, all employers within the plan must comply with COBRA if the affiliated group in the aggregate had 20 or more employees.



MASSACHUSETTS

### Form To Be Used

The Mini-COBRA Subsidy Notice should be used to advise qualified beneficiaries enrolled in Massachusetts mini-COBRA coverage due to qualifying events that occurred on or after September 1, 2008 of the availability of the premium reduction.

### Immediate Action Required

You must immediately identify and contact all individuals who were terminated since September 1, 2008 and are currently enrolled in mini-COBRA.

Once a beneficiary returns a completed Request for Treatment as an Assistance Eligible Individual application to you, you should review the application and approve or deny the subsidy request.

Please forward a copy of all forms (approvals and denials) to the address below:

Blue Cross Blue Shield of Massachusetts  
P.O. Box 9145  
North Quincy, MA 02171

If the request is denied, you should also complete the bottom portion of the form and return the form to the individual. Please note that individuals who are denied the subsidy may appeal the denial to the U.S. Department of Labor.

### B. For Individuals Eligible to Elect Mini-COBRA

Beneficiaries who experience a qualifying event from February 17, 2009 through December 31, 2009 should be given a modified mini-COBRA notice that allows them to elect mini-COBRA and describes the availability of the 65 percent premium reduction for up to nine months.

### Form To Be Used

The Mini-COBRA Continuation Coverage Election and Subsidy Notice should be sent to qualified beneficiaries who have not yet elected or been notified of their right to elect mini-COBRA continuation of coverage due to qualifying events that occurred on or after February 17, 2009 to advise them of their election rights and the premium reduction.

### Immediate Action Required

You should immediately identify and contact all individuals who have been terminated since February 17, 2009 but have not yet been notified of their right to mini-COBRA, or have been notified but are still within the 60-day election period (including those who may have rejected mini-COBRA but are still within the 60-day election period).

Once you receive the forms from the individuals, please review the applications and approve or deny the Request for Treatment as an Assistance Eligible Individual form.

*(continued)*



MASSACHUSETTS

Please forward a copy of all forms (approvals and denials) to the address below:

Blue Cross Blue Shield of Massachusetts  
P.O. Box 9145  
North Quincy, MA 02171

If the request is denied, you should complete the bottom portion of the form and return the form to the individual. Please note that individuals who are denied the subsidy may appeal the denial to the U.S. Department of Labor.

Submission of this form does not constitute a re-enrollment of this member into your plan. Please continue to follow your standard enrollment process for re-enrolling your mini-COBRA member. Go to [www.bluecrossma.com/employer](http://www.bluecrossma.com/employer) for a copy of the Enrollment/Change form and follow the instructions.

Effective immediately, you should utilize the Mini-COBRA Continuation Coverage Election and Subsidy Notice for all events through December 31, 2009 that qualify an individual for mini-COBRA continuation of coverage. While the subsidy reduction of premiums may only apply to individuals who lost their employment involuntarily, all individuals qualifying for mini-COBRA continuation of coverage must receive this notice.

Blue Cross Blue Shield of Massachusetts will continue to invoice your account for the full premium amount for each subscriber enrolled in your plan. Once you have identified the assistance eligible individuals and submitted the Request for Treatment as an Assistance Eligible Individual form, your premium payments can be adjusted for the subsidized amount. Upon receipt of this form, Blue Cross Blue Shield of Massachusetts will contact your organization and provide additional information regarding the payment and subsidy process.

This letter is for informational purposes and does not contain legal advice. We suggest you consult with your legal counsel for advice about ARRA or 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