

The American Recovery and Reinvestment Act of 2009 (ARRA), which President Obama signed on Feb. 17, 2009, expanded eligibility of COBRA and provides a premium subsidy to certain qualified individuals. On December 19, 2009 ARRA was amended by the Department of Defense Appropriations Act, 2010 (2010 DOD Act) by extending the duration of coverage and the effective date that the ARRA stimulus can go into effect.

GLOSSARY OF TERMS

ARRA – American Recovery and Reinvestment Act of 2009 – economic stimulus program enacted into law on February 17, 2009 to provide premium assistance to COBRA members who were involuntarily terminated from employment and eligible for COBRA between September 1, 2008 and December 31, 2009. (See COBRA Subsidy Q&A)

COBRA – Consolidated Omnibus Rehabilitation Act of 1985 — continuation coverage of the health plans offered by the employer.

AEI – Assistance Eligible Individual — consists of employee, spouse and dependent child(ren) eligible for a subsidy provided by ARRA.

Qualified beneficiary – The employee, spouse and dependent child(ren) who were covered by a group health plan at the time of a qualifying event that implemented COBRA continuation coverage.

DOD – Department of Defense

How long is the ARRA subsidy available for?

The DOD Act of 2010 extended the subsidy for an additional six (6) months for a total of fifteen months. The time period for an event qualifying for the subsidy was also extended to February 28, 2010.

If my terminating event occurred in February 2010, but my COBRA begins March 1, 2010 or later, am I eligible for the subsidy?

Yes. If your subsidy-eligible qualifying event occurred within the dates of September 1, 2008 and February 28, 2010, but your COBRA doesn't begin until after those dates, the 15-months subsidy would be available.

What if my nine (9) months of subsidy has ended? Do I get 15 months?

Yes, if the current 9 month subsidy has expired you will have the opportunity to continue COBRA, as long as you continue to meet the requirements of receiving the subsidy, for the remaining six months. If COBRA was terminated at the end of the subsidy period and you would like to come back onto COBRA, you will complete the form included with the letter notifying you of the legislative changes that will be mailed to you, notifying BenefitHelp Solutions of your intention.

How long do I have to make up premium if my subsidy expired in November, my COBRA terminated and I am electing to return to COBRA?

The 35% premium due for the months of November through January must be paid by the later of February 17, 2010 or 30 days from the date on the extension notification.

What happens if I paid my full premium during the time after my 9-month subsidy period expired?

The 35% premium will automatically be applied to the months after the initial 9-month subsidy period and any credits will be applied to future months up to the end of COBRA. Any credits beyond that will be refunded.

I had a qualifying event after December 19, 2009 and did not elect COBRA at that time. What can I do?

You will receive an updated version of the Specific Rights letter with the new legislative language for the DOD Act, 2010. You will have 60 days to elect COBRA and 45 days to remit the initial payment for the months beginning at the first month of COBRA coverage up through the current month.

What notices will be sent regarding ARRA, as amended?

Plan administrators must provide an updated General Notice of changes to all qualified beneficiaries, not just covered employees that experience a qualifying event between September 1, 2008 and February 28, 2010.

For those individuals that have already been provided a COBRA notification, but not the General Notice that was updated with the changes amended by the DOD Act, 2010, an updated General Notice will be sent. Those individuals include:

- Individuals who were AEIs as of October 31, 2009 (unless in a “transition period” and individuals who experienced a termination of employment on or after October 31, 2009 and lost health coverage, who have not received an updated General Notice, must be provided notice of the changes made to the premium reduction provisions under ARRA by the 2010 DOD Act by February 17, 2010;
- Individuals who are in a “transition period” must be provided notice of the changes made to the premium reduction provisions within 60 days of the first day of the transition period.

What is the “transition period”?

It is the period that begins right after the nine months of ARRA ends, but prior to the amendment. An individual is in a transition period only if the premium reduction provisions would continue to apply due to the extension from nine to 15 months.