

The 2010 Department of Defense Appropriations Act extends COBRA Continuation Coverage under ARRA.

ELIGIBILITY & SUBSIDY EXTENSION

The 2010 Department of Defense Appropriations Act (2010 DOD Act) extended the COBRA premium reduction eligibility period for two months, from December 31, 2009 until February 28, 2010, and increased the maximum period for receiving the subsidy for an additional six months (from nine to fifteen months).

Persons who would have been Assistance Eligible Individuals but for the fact that they qualified for COBRA after December 31, 2009 but on or before February 28, 2010 will now be Assistance Eligible Individuals.

Assistance Eligible Individuals who reached the end of the nine month reduced premium period before this extension may receive their six months of additional COBRA coverage by paying their 35% share of premium costs by February 17, 2010, or, if later, by thirty days after the notice of extension is provided by their plan administrator. The premium due would be for all months for which coverage has been permitted to lapse.

Individuals who continued their COBRA coverage beyond the premium reduction by paying the full 100% for coverage are entitled to either a credit or a reimbursement for the 65% coverage. The plan administrator or sponsoring employer should prepare for these requests for cost adjustment.

NOTICE REQUIREMENTS

ARRA, as amended by the 2010 DOD Act, mandates the provision of certain notices.

- As part of the COBRA election notice, plan administrators must provide information about the premium reduction to all individuals who have COBRA qualifying events from September 1, 2008 through February 28, 2010.
- Plan administrators must also provide notice about the changes made to the premium reduction provisions of ARRA by the 2010 DOD Act to individuals who have already been provided a COBRA election notice.
- Individuals who experienced a termination of employment on or after October 31, 2009 and lost health coverage must be provided this notice within the normal timeframes for providing continuation coverage notices (normally the COBRA election notice should be sent within fourteen days of the loss of coverage); and
- Individuals who are in a “transition period” must be provided this notice within sixty days of the first day of the transition period.

Note: The “transition period” is defined as the period that begins immediately after the end of the nine months of premium reduction in effect under ARRA before the amendments made by the 2010 DOD Act, as long as those nine months ended before December 19, 2009.

- No notice is required if the individual reached the end of his COBRA coverage as of the end of the ninth month of premium reduction or gave notice of eligibility for other group coverage or Medicare during that period.

PERIOD OF REDUCED PREMIUM

The premium reduction applies to periods of coverage beginning on or after February 17, 2009. The premium reduction for an individual ends upon eligibility for other group coverage or Medicare, after fifteen months of the reduction, or when the maximum period of COBRA coverage ends, whichever occurs first.

MORE INFORMATION

For more information on complying with COBRA, contact the **Conrad Siegel** Actuaries Health and Welfare Compliance Committee at 717-652-5633 or email the committee at hwcompliance@conradsiegel.com.

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