

# BenAlert

BENEFIT TRENDS AND LEGISLATIVE UPDATES

MARCH 2009



HOWITT  
Benefit Services

Howitt Benefit Services is pleased to provide you with periodic updates on benefit trends and legislative updates. As part of our valuable services, we want to ensure that you are in compliance and well-informed of the ongoing changes in our industry.

## In this BenAlert:

- COBRA Subsidy Model Notices

## COBRA Subsidy Model Notices

This morning, the Department of Labor (DOL) published model notices for use by employers to notify individuals regarding their potential right to qualify for COBRA premium assistance. Employer/Plan Sponsors must provide one of the four model notices to each individual whose coverage terminated, regardless of the type of qualifying event, at any time from September 1, 2008 to the present within 60 days from the date of enactment (February 17, 2009) of the American Recovery and Reinvestment Act of 2009 (ARRA). The DOL calculates this deadline date to be **April 18, 2009**.

### Discussion

1. **Where to Obtain the Notices.** Visit our website at [www.howittins.com](http://www.howittins.com) or the [DOL website](#) to obtain copies of the model notices and instructions for their use.
2. **Expanded to All Qualifying Events.** The DOL has interpreted the ARRA premium assistance provisions to require employers to notify all individuals who underwent or will undergo a COBRA Qualifying Event on or after September 1, 2008 through December 31, 2009. In fact, only those individuals who underwent an involuntary termination will be eligible for premium assistance; however, employers must send the notice to all Qualified Beneficiaries regardless of their Qualifying Event.
3. **Which Notice to Send.** The DOL provided four model notices to cover four different classes of Qualifying Beneficiaries:

Notice Type	Recipient
1. <a href="#">General Notice: Full Version (13 pages)</a> . Includes information on premium reduction as well as information required in the regular COBRA Election Notice.	All Qualified Beneficiaries experiencing a Qualifying Event who have yet to elect COBRA.
2. <a href="#">General Notice: Abbreviated Version (8 pages)</a> . Includes information on premium reduction.	All Qualified Beneficiaries who have already elected COBRA coverage and still have it.
3. <a href="#">Alternative Notice (12 pages)</a> . Insurance issuers must send this notice for continuation under state law.	Small group state law based COBRA Qualified Beneficiaries.
4. <a href="#">Notice in Connection with Extended Election Periods (12 pages)</a> . Information on ARRA’s additional election opportunity as well as premium reduction.	COBRA eligible individuals who have undergone an involuntary termination. Qualifying Event occurred between September 1, 2008 and February 16, 2009, who either did not elect COBRA or elected it and stopped paying premiums.

**What You Need To Do Right Now.**

**Note:** If you are using a COBRA Administrator, they will be handling the distribution of your notices. We will continue to monitor their processes so we can help you with any questions you might have.

**Note:** If you are handling your own COBRA compliance, be sure you have done the following:

1. Identify the following classes of potential Assistance Eligible Individuals:
  - A. All COBRA Qualified Beneficiaries who are currently paying COBRA premiums;
  - B. All who are about to or who have lost active plan coverage and are in their election period; and,
  - C. All terminated employees whose termination dates fall within September 1, 2008 and the present, who have either elected COBRA or who allowed it to terminate or who failed to elect COBRA when originally offered.
  
2. Prepare and make two mailings (using USPS Certificate of Mail - <http://www.usps.com/send/waystosendmail/extraservices/certificateofmailingservice.htm> ):
  - a. To all eligible individuals (Class A and B above) who currently pay COBRA premiums whose active coverage terminated on or after September 1, 2008, and those who currently are in their COBRA election period. Use the attached GENERAL NOTICE (ABBREVIATED VERSION)

- b. To all other individuals (Class C) use the GENERAL NOTICE (FULL VERSION). This notice must also include a description of the subsidy as well as information necessary to make a current COBRA election.
- c. If you have COBRA eligible individuals who have undergone an involuntary termination involving a Qualifying Event that occurred between September 1, 2008 and February 16, 2009, who either did not elect COBRA or who elected it and stopped paying premiums, then use the attached NOTICE IN CONNECTION WITH EXTENDED ELECTION PERIODS.

Note: For CAL-COBRA eligible employees, follow instructions in #2 and use the attached Alternative Notice.

**ALL NOTICES MUST BE MAILED BY APRIL 18, 2009**

The DOL has just published additional FAQ's for [employers](#) and [employees](#) and additional information on its [website](#). We have also placed them on our website at [www.howittins.com](http://www.howittins.com).

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