



Legislative Update

January 13, 2010

Government Publishes Updated COBRA Model Notices

As we previously reported, Congress passed an extension of the Federal Subsidy of COBRA health insurance premiums for employees involuntarily terminated. The amended COBRA law extends the original nine months of 65% premium subsidy by an additional six months. The law applies to those Americans who may lose their jobs through February 28, 2010. Prior to the extension, the original COBRA subsidy law applied only to those who had lost their jobs prior to December 31, 2009 subsidy. The updated legislation also gives beneficiaries whose subsidy ran out and who didn't pay the full premium a second chance to opt for coverage. For example, a beneficiary whose nine months of subsidized coverage ran out November 30th and who didn't pay the regular unsubsidized December premium could pay the 35% premium share in January and receive coverage for December. The amended COBRA provision requires employers to notify current and future COBRA beneficiaries of the new 15-month premium subsidy which has created another new round of notifications and administrative hurdles for employers.

To assist employers and Plan Sponsors with the updated communication that will need to be issued to beneficiaries, the Office of Management and Budget (OMB) and the General Services Administration (GSA) have issued new Model Notices that can be used in communicating the changes. They have also issued a detailed [Fact Sheet](#) that outlines the provisions of the amendment. This material has been included for your use and review. There are three Model Notices, below is a link and explanation for each:

1) [Model COBRA Continuation Coverage Election Notice](#)


For use by group health plans for qualified beneficiaries who have not yet received an election notice and with qualifying events occurring during the period that begins with September 1, 2008 and ends with February 28, 2010.

2) [Model Premium Assistance Extension Notice](#)

For use by group health plans (and other entities) for individuals who were receiving premium assistance as of October 31, 2009 including individuals who have received the full nine months of premium assistance required under ARRA and either did not make any payment for subsequent periods of coverage or made payment of the full premium otherwise required to maintain coverage absent the subsidy; and individuals who became Assistance Eligible Individuals or experienced a qualifying event that was the termination of a covered employee's employment on or after October 31, 2009 but who were not provided a notice that included the information required by ARRA, as amended.

3) [Model Continuation Coverage Election Notice](#)

For use where coverage is subject to State continuation coverage requirements during the period that begins with September 1, 2008 and ends with February 28, 2010.



The US Department of Labor's Employee Benefits Security Administration has also updated their web page dedicated specifically to COBRA. Employers and Plan Sponsors are encouraged to review this site for important and regular updates. [Click here](#) to be directed to their website.

Employers and Plan Sponsors should check with their COBRA Administrator to ensure they are using and working from the new Model Notices. In the event you have questions with the new Model Notices and how they apply to your population, please contact your Conner Strong representative.

Please contact your Conner Strong representative with any questions, toll-free at 1-877-861-3220.

This Legislative Update is provided for general informational purposes only and is not intended to be legal advice. Readers are urged to contact an attorney for legal advice or assistance.

