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We hope you all had safe Holidays and most importantly we wish you a Happy, prosperous New Year. Please find an informative notice from one of our most valued business partners, Concepts in Business, regarding the ARRA COBRA Subsidy Extension for your use and information.

Alert: Obama Signs ARRA COBRA Extension

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Greetings,

President Barack Obama has signed legislation that extends the amount of time involuntarily terminated workers will receive subsidies for COBRA continuation coverage.

The extension was tucked into the Department of Defense Appropriations Act of 2010.

The COBRA subsidy program was created in early 2009 by the American Recovery and Reinvestment Act of 2009 (ARRA). The program provides for a 65 percent subsidy for COBRA continuation premiums for workers who have been involuntarily terminated. ARRA provided for 9 months of subsidies. Under the new legislation, involuntarily terminated workers will receive subsidies for a total of 15 months.

Before the extension was approved, some workers saw their COBRA subsidies end this month. However, the Department of Defense Appropriations Act includes a provision that allows those workers to continue their COBRA coverage.

"Individuals who had reached the end of the reduced premium period before the legislation extended it to 15 months will have additional time to pay the reduced premiums related to the extension," says Phyllis C. Borzi of the Department of Labor. "To continue their coverage they must pay the 35% of premium costs by (60 days after date of enactment) or, if later, 30 days after notice of the extension is provided by their plan administrator."

The legislation also extends the deadline for workers to qualify for the COBRA subsidy program. When ARRA became law earlier this year, the COBRA subsidy program applied to workers who were involuntarily terminated from September 1, 2008 to December 31, 2009. With the extension, workers who are involuntarily terminated between September 1, 2008 and February 28, 2010 will be eligible for the subsidies.

The legislation, which Obama signed into law December 21, also includes new notification requirements for plan administrators.

- In the case of an individual who was an assistance eligible individual at any time on or after October 31, 2009, or experiences a qualifying event (consisting of termination of employment) relating to COBRA continuation coverage on or after such date, the administrator of the group health plan must provide an additional notification with information regarding the extension, within 60 days after the date of the enactment, in the case of a qualifying event occurring after such date of enactment, consistent with the timing of other COBRA subsidy notifications required by ARRA.
- For individuals who lost their subsidy because they reached the 9-month limit and failed to make timely payments of COBRA premiums, the administrator of the group health plan must provide to such individual, within the first 60 days of such individual's "transition period," an additional notification with information regarding the extension, including information on the ability to make retroactive premium payments with respect to the transition period of the individual in order to maintain COBRA continuation coverage.

For more information please contact Bill or Karl by calling (800) 539-4763

