

COBRA Notices under the ARRA

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for premium reductions and additional election opportunities for health benefits under COBRA. Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit. The premium reduction applies to periods of COBRA health coverage beginning on or after February 17, 2009 and lasts up to nine months for those eligible for COBRA between September 1, 2008 and December 31, 2009.

The ARRA also mandates that plans notify certain current and former participants and beneficiaries about the premium reduction. The U.S. Department of Labor has created model notices to help plans and individuals comply with these requirements.

The General Notice (also available in Spanish) must be sent to all qualified beneficiaries, not just covered employees, who experienced a qualifying event at any time from September 1, 2008 through December 31, 2009, regardless of the type of qualifying event, and who either have not yet been provided an election notice or who were provided an election notice on or after February 17, 2009 that did not include the additional information required by ARRA. This full version includes information on the premium reduction as well as information required in a COBRA election notice.

An Abbreviated Version of the General Notice includes the same information as the full version regarding the availability of the premium reduction and other rights under ARRA, but does not include the COBRA coverage election information. It may be sent in lieu of the full version to individuals who experienced a qualifying event on or after September 1, 2008, have already elected COBRA coverage, and still have it.

The Notice in Connection with Extended Election Periods includes information concerning ARRA's additional election opportunities and premium reduction information and is to be sent to individuals who:

1. Had a qualifying event at any time from September 1, 2008 through February 16, 2009; and
2. Either did not elect COBRA continuation coverage, or who elected it but subsequently discontinued COBRA.

This notice must be provided by April 18, 2009.

You will find links to each of these documents under the Resources Section of our website, www.siemploymentlaw.com