

Guide to Using the PacificSource COBRA Model Notices

Updated March 17, 2010

Overview

The American Recovery and Reinvestment Act, as amended, (ARRA) creates new opportunities for individuals to qualify for continuation coverage provided by a group health plan. The Act also provides for a subsidy for that continuation coverage for some individuals and their family members. ARRA has been amended twice: on December 18, 2009 by the Department of Defense Appropriations Act, 2010, and on March 2, 2010 by the Temporary Extension Act of 2010.

The following information was created to help our employer clients meet the COBRA notification requirements of the ARRA, as amended. We will update this guide if new guidance becomes available from the Department of Labor.

If you have a question that is not addressed here, please contact your PacificSource representative or consult your legal counsel.

Determining which form to use

The U.S. Department of Labor has issued four model notices in connection with ARRA's COBRA provisions, as amended by the Temporary Extension Act of 2010. Each version is to be used in different circumstances, and in some cases more than one notice is required.

PacificSource has adapted these federal model notices to make them more user-friendly for our employer clients and members. Each packet includes all required notices and forms for you – the employer – to complete and furnish to employees who have lost coverage. The COBRA General Notice Packet, the COBRA Extended Election Period Notice Packet, and the COBRA New Election Period Notice Packet are available for download in Microsoft Word format on the “For Administrators” page of our Web site. If you still require any of the notice packets we developed prior to the amendments made to ARRA by the Temporary Extension Act of 2010 on March 2, 2010, please contact your Client Service Representative or your Membership Representative for assistance.

COBRA General Notice Packet:

This packet should be issued to anyone who experienced a qualifying event on or after September 1, 2008 **other than** involuntary termination of the covered employee's employment since September 1, 2008. It should also be issued to **anyone who experienced or will experience a qualifying event of any kind** from February 17, 2009 through March 31, 2010 who has not already received an election notice or who received an election notice that didn't include the new information required by ARRA, as amended. The COBRA notice in this packet will satisfy the U.S. Department of Labor's existing requirements for a COBRA election notice and the requirements imposed by ARRA, as amended.

COBRA New Election Period Notice Packet:

This packet should be issued to anyone who:

- experienced a qualifying event that was a reduction in hours at any time from September 1, 2008 through March 31, 2010;
- subsequently experience a termination of employment at any point from March 2, 2010 through March 31, 2010; and

- either chose not to elect COBRA continuation coverage when it was first offered OR elected COBRA but subsequently discounted that coverage.

Individuals who experience an involuntary termination of employment after experiencing a qualifying event that consists of a reduction of hours must be provided this notice within 60 days of the termination of employment.

COBRA Supplemental Information Notice Packet:

This packet should be issued to anyone who ***elected and maintained continuation coverage*** based on the following qualifying events:

- termination of employment that occurred at some time on or after March 1, 2010 for which notice of the availability of the premium reduction available under ARRA was not given; or
- Reductions of hours that occurred during the period from September 1, 2008 through March 31, 2010 which were followed by a termination of the employee's employment that occurred on or after March 2, 2010 and by March 31, 2010.

Individuals who experienced an involuntary termination of employment after experiencing a qualifying event that consists of a reduction of hours must be provided this notice within 60 days of that termination. Individuals with qualifying events that occurred on or after March 1, 2010 for which notice of the availability of the premium reduction available under ARRA was not given must be provided this notice before the end of the required time period for providing a COBRA election notice.

COBRA Extended Election Period Notice Packet

This packet should be issued to anyone who:

- experienced a qualifying event that was termination of employment at some time on or after March 1, 2010;
- were provided notice that did not inform them of their rights under ARRA, as amended by the Temporary Extension Act of 2010; and
- either chose not to elect COBRA continuation coverage that that time OR elected COBRA but subsequently discounted that coverage.

This notice must be provided before the end of the required time period for providing a COBRA election notice.

Suggested process for issuing ARRA-related COBRA notifications

1. Create a list of all your plan members who experienced a qualifying event of any kind on or after September 1, 2008.
2. For each member on that list, provide notices as follows. In some cases, more than one notice will need to be provided.
 - Issue the **General Notice Packet** to all qualified beneficiaries who experienced a qualifying event from September 1, 2008 through March 31, 2010, and who **either**:
 - have not yet been provided an election notice, or
 - were provided an election notice on or after February 17, 2009 that did not include information about the premium subsidy.
 - Issue the **New Election Period Notice Packet** to all individuals who experienced a qualifying event that was a reduction in hour at any time between September 1, 2008 and March 31, 2010 which was followed by a termination of the employee's employment at any point from March 2, 2010 through March 31, 2010, and **either**:
 - did not elect COBRA continuation coverage, or
 - elected but subsequently discontinued COBRA.

- Issue the **Supplemental Information Notice Packet** to all individuals who elected and maintained COBRA continuation coverage and **either**:
 - experienced a qualifying event that was a reduction in hour at any time between September 1, 2008 and March 31, 2010 which was followed by a termination of the employee's employment at any point from March 2, 2010 through March 31, 2010, or
 - experienced a termination of employment as some time on or after March 1, 2010 for which notice of the availability of the premium reduction available under ARRA was not given.
 - Issue the **Extended Election Period Notice Packet** to all individuals who experienced a qualifying event that was a termination of employment as some time on or after March 1, 2010, were provided a notice that did not inform them of their rights under ARRA, as amended by the Temporary Extension Act of 2010, and **either**:
 - did not elect COBRA continuation coverage, or
 - elected but subsequently discontinued COBRA.
3. Complete the yellow highlighted sections of the appropriate notice for each member (see "Completing the notices" below). Mail the notices to the member's last known address.
 4. Once you have completed this initial round of ARRA notifications, you will use only the COBRA General Notice Packet. That packet should be issued to anyone who experiences a qualifying event of any kind from now through March 31, 2010.

Completing the notices

- The **yellow highlighted** sections of the COBRA notices show information that must be completed by you, the employer, before issuing the notice.
- The **green highlighted** sections contain notes or instructions to you. Be sure to delete any text highlighted in green before you distribute the notice.

This document is intended to provide our customers with general information regarding the American Recovery and Reinvestment Act, as amended. This document does not constitute legal or compliance advice, and you should consult your own legal counsel for specific guidance.
