



Office of Human Resources and Equal Opportunity

Date: January 2010

To: Employees Covered by District Benefits and their Spouses and Dependents

From: Christine Vo
Benefits Manager

RE: **Amendment Summary of the COBRA Reduction Provisions under ARRA**

President Obama signed an amendment to the COBRA ARRA provisions on December 19, 2009. The law as amended gives "Assistance Eligible Individuals" the right to pay reduced COBRA premiums for periods of coverage beginning on or after February 17, 2009 and extends the eligibility period for the subsidy from December 31, 2009 to February 28, 2010. The provision also extended the length of time of the subsidy for eligible participants for an additional six months (from nine to 15 months).

Eligible persons who were on COBRA and paying the subsidized amount under the pre-December 2009 ARRA COBRA provisions now have a couple of options available to them.

- Individuals who stopped paying once the subsidy ended – may make retroactive payments at the subsidized rate for the additional subsidy period established by the December amendment.
- Individuals who paid the full, non-subsidy rate for coverage after the subsidy ended (but before December 19, 2009) – are eligible for a refund for overpayments based on the subsidized amount.

Eligible persons who did not pay a premium have 60 days from December 19, 2009 or, if later, 30 days from actual notification from their employer or administrator, to pay any unpaid premiums at the subsidized rate and enjoy uninterrupted COBRA coverage.

Eligibility for the Premium Reduction: The premium reduction for COBRA continuation coverage is available to "assistance eligible individuals".

An "assistance eligible individual" is the employee or a member of his/her family who:

- has a qualifying event for continuation coverage under COBRA or a State law that provides comparable continuation coverage (for example, so-called "mini-COBRA" laws) that is the employee's involuntary termination at any point from September 1, 2008 through February 28, 2010; and
- elects COBRA coverage timely.

Those who are eligible for other group health coverage (such as a spouse's plan) or Medicare are not eligible for the premium reduction. There is no premium reduction for premiums paid for periods of coverage that began prior to February 17, 2009.

Assistance eligible individuals who pay 35 percent of their COBRA premium are treated as having paid the full amount. The premium reduction (65 percent of the full premium) is reimbursable to the employer, insurer or health plan as a credit against certain employment taxes.

Period of Coverage

The premium reduction applies to periods of coverage beginning on or after February 17, 2009. A period of coverage is a month or shorter period for which the plan charges a COBRA premium. The premium reduction for an individual ends upon eligibility for other group coverage (or Medicare), after 15 months of the reduction, or when the maximum period of COBRA coverage ends, whichever occurs first. Individuals paying reduced COBRA premiums must inform the district if they become eligible for coverage under another group health plan or Medicare.

This law applies to the District Health Plans effective January 1, 2010.

If you have any questions, please contact Christine Vo, Benefits Manager, at 650-949-6225 or via e-mail: VoChristine@fhda.edu.