



Office of Human Resources and Equal Opportunity

## **SUMMARY OF THE COBRA PREMIUM REDUCTION PROVISIONS UNDER ARRA**

President Obama signed the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. The law gives “Assistance Eligible Individuals” the right to pay reduced COBRA premiums for periods of coverage beginning on or after February 17, 2009 and can last up to 9 months.

To be considered an “Assistance Eligible Individual” and get reduced premium you:

- a) **MUST** be eligible for continuation coverage at any time during the period from **September 1, 2008 through December 31, 2009** and elect the change;
- b) **MUST** have a continuation coverage election opportunity related to an involuntary termination of employment that occurred at some time from **September 1, 2008 through December 31, 2009**;
- c) **MUST NOT** be eligible for Medicare; and
- d) **MUST NOT** be eligible for coverage under any other group health plan, such as a plan sponsored by a successor employer or a spouse’s employer.”

Individuals who experienced a qualifying event as the result of an involuntary termination of employment at any time from September 1, 2008 through February 16, 2009 and were offered, but did not elect, continuation coverage OR who elected continuation coverage and subsequently discontinued it may have the right to an additional 60-day election period.

### **IMPORTANT**

- If, after you elect COBRA and while you are paying the reduced premium, you become eligible for other group health plan coverage or Medicare you **MUST** notify the Plan in writing. If you do not, you may be subject to a tax penalty.
- Electing the premium reduction qualifies you for the Health Coverage Tax Credit. If you are eligible for the Health Coverage Tax Credit, which could be more valuable than the premium deduction, you will have received a notification from the IRS.

- The amount of the premium reduction is recaptured for certain high income individuals. If the amount you earn for the year is more than \$125,000 (or \$250,000 for married couples filing a joint federal income tax return) for all or part of the premium reduction may be recaptured by an increase in your income tax liability for the year. If you think that your income may exceed the amounts above, you may wish to consider waiving your right to the premium reduction. For more information, consult your tax preparer or visit the IRS web page on ARRA at [www.irs.gov](http://www.irs.gov).

For general information regarding your plan's COBRA coverage and specific information related to your plan's administration of the ARRA Premium Reduction or to notify the plan of your ineligibility to continue paying reduced premiums, contact Christine Vo, Benefits Manager, at 650-949-6225 or via e-mail: [VoChristine@fhda.edu](mailto:VoChristine@fhda.edu).

If you are denied treatment as an "Assistance Eligible Individual" you may have the right to have the denial reviewed. For more information regarding reviews or for general information about the ARRA Premium Reduction go to:

[www.dol.gov/COBRA](http://www.dol.gov/COBRA) or call 1-866-444-EBSA (3272)

Generally, this COBRA premium rate reduction does not include coverage for only dental, vision, counseling, or referral services; coverage under a health flexible spending arrangement; or treatment that is furnished in an on-site medical facility maintained by the employer.