



# Legislative Brief

## COBRA Premium Subsidy Model Notices



ARRA, as amended by the Department of Defense Appropriation Act, 2010 (2010 DOD Act), mandates that plans notify certain current and former participants and beneficiaries about the premium reduction.

The Department created model notices to help plans and individuals comply with these requirements. Each model notice is designed for a particular group of qualified beneficiaries and contains information to help satisfy ARRA's notice provisions, including those added by the 2010 DOD Act.

### Updated General Notice

Plans subject to the Federal COBRA provisions must provide the updated General Notice to all qualified beneficiaries (not just covered employees) who experienced a qualifying event at any time from September 1, 2008 through February 28, 2010, regardless of the type of qualifying event, and who have not yet been provided an election notice. This model notice includes updated information on the premium reduction as well as information required in a COBRA election notice.

**Note:** Individuals who experienced a qualifying event (that was a termination of employment) in December 2009 but who were not eligible for COBRA coverage until January 2010 were likely not provided proper notice. These individuals should get the updated General Notice AND the full 60 days from the date the updated notice is provided to make a COBRA election.

### Premium Assistance Extension Notice

Plan administrators must provide notice to certain individuals who have already been provided a COBRA election notice that did not include information regarding ARRA, as amended. This model Premium Assistance Extension Notice includes information about the changes made to the premium reduction provisions of ARRA by the 2010 DOD Act. Listed below are the affected individuals and the associated timing requirements.

- Individuals who were "assistance eligible individuals" as of October 31, 2009 (unless they are in a transition period - see below), and individuals who experienced a termination of employment on or after October 31, 2009 and lost health coverage (unless they were already provided a timely, updated General Notice) must be provided notice of the changes made to the premium reduction provisions of ARRA by the 2010 DOD Act by February 17, 2010;
- Individuals who are in a "transition period" must be provided this notice within 60 days of the first day of the transition period. An individual's "transition period" is the period that begins immediately after the end of the maximum number of months (generally nine) of premium reduction available under ARRA prior to its amendment. An individual is in a transition period only if the premium

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reduction provisions would continue to apply due to the extension from nine to 15 months and they otherwise remain eligible for the premium reduction.

**Note:** To some extent, the groups listed above overlap - creating a situation where an individual may be entitled to multiple notices. Providing the Premium Assistance Extension Notice by the earliest date required will satisfy the notice requirement(s).

### Updated Alternative Notice

Insurance issuers that provide group health insurance coverage must send the updated Alternative Notice to persons who became eligible for continuation coverage under a State law. Continuation coverage requirements vary among States and issuers should modify this model notice as necessary to conform it to the applicable State law. Issuers may also find the model Premium Assistance Extension Notice or the updated model General Notice appropriate for use in certain situations.

*Source: DOL 1/10*

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