

A Message from Yozell Associates | COBRA ARRA Notices

Dear Yozell Clients and Friends,

Today, March 19, 2009, the Department of Labor (DOL) officially posted the revised Model COBRA Continuation Election Notices on their website- <http://www.dol.gov/ebsa/COBRAmodeInotice.html>. These notices are modified to include language relative to the COBRA subsidy provision in The American Recovery and Reinvestment Act of 2009 (ARRA). ARRA provides a 65% subsidy for COBRA premiums for any employee involuntarily terminated between September 1, 2008 and December 31, 2009. Former employees who meet these guidelines are referred to as "assistance eligible individuals" (AEIs). This legislation also provides a "special election opportunity" to former employees who either declined COBRA coverage or discontinued to pay COBRA coverage between September 2008 and February 2009. It is your obligation as an employer to notify the AEI of their eligibility for the subsidy and "special election opportunity". If your company or organization outsources the administration of your COBRA responsibility, you should be in contact with your administrator to verify their actions relative to these notices. Notices must be provided no later than April 19, 2009. **NOTE: This "special election opportunity" to re-elect COBRA coverage does not apply to terminated employees employed by employers with less than 20 employees subject to state or Mini-COBRA laws. The premium subsidy is however available to involuntarily terminated employees who did elect COBRA coverage when offered.**

We have attached the DOL's four versions of these notices for your use and strongly encourage you to carefully review their contents. They are word documents which can be customized for your specific organization. Each version of these notices is intended for the specific circumstances surrounding your former employees. Each version contains various forms which must be returned to you by the AEI where appropriate: an Election Form; an Application for Treatment as an Assistance Eligible Individual; a Form for Switching Benefit Options; and a Form for AEIs to use to notify the plan administrator when no longer eligible for the subsidy.

Model Notice I. (General Notice Abbreviated Version)- This version should be sent to those former employees involuntarily terminated between September 1, 2008 and February 17, 2009, who exercised their COBRA rights and are currently enrolled in your health plan under COBRA. These individuals must be notified of the availability of a 65% employer subsidy toward the cost of COBRA coverage.

Model Notice II. (Extended Election Period Notice)- This version should be sent to those former employees involuntarily terminated between September 1, 2008 and February 17, 2009, who declined to exercise their COBRA rights or have dropped and discontinued to pay for the continuation of their COBRA coverage. These individuals must be notified of their right to re-elect their COBRA coverage and receive a subsidy.

Model Notice III. (General Notice Full Version)- This version should be used by employers who have experienced or will be involved in prospective involuntary termination of employees between February 18, 2009 and December 31, 2009.

Model Notice IV. (Alternative Notice)- This version of the notices should be used by employers with less than 20 employees, not subject to federal COBRA laws but rather Mini- COBRA or State regulations governing continuation of coverage. These notices explain who is eligible to receive the premium subsidy.

We will continue to provide our clients with updated information from the Department of Labor as it becomes available. We urge you to review the contents of these notices carefully to ensure you are utilizing the appropriate version for your situation. As always, if you have questions then please contact your Yozell Account Manager.