

# Benefits Buzz

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## DID YOU KNOW?

The American Recovery and Reinvestment Act of 2009 (ARRA) provided a temporary subsidy for the cost of COBRA continuation health coverage. On Dec. 19, President Obama signed legislation extending and expanding this premium subsidy that was due to expire on Dec. 31. Along with the extension comes new compliance obligations for employers including new notice requirements that must be met on a tight deadline. Read about the details below.



## Key Provisions of COBRA Subsidy Extension

Key provisions of the COBRA subsidy extension include:

1. The length of time an Assistance-Eligible Individual (AEI) can receive a subsidy increases from 9 to 15 months.
2. AEIs who become eligible for COBRA because of an involuntary termination occurring from 9/1/08 through 2/28/10 are eligible for the subsidy if they elect COBRA.
3. AEIs whose 9-month subsidy period expired before the extension was passed and who either let their COBRA coverage lapse or started paying the full premium can benefit from the subsidy extension retroactively. Special notices are required to these individuals.
4. AEIs who failed to pay their COBRA premiums once their initial subsidy period expired can retroactively pay the premiums to maintain COBRA at subsidized rates for the additional six months. Premiums must be paid no later than 2/17/10, or 30 days after the AEI receives notice of the extension,

whichever is later.

5. If an AEI paid the full COBRA premium after the 9-month subsidy period ended, and is now eligible for additional assistance, the employer must either reimburse the individual for the excess premium amount paid or provide a credit that reduces later premium payments.
6. Notice of the subsidy extension must be provided by 2/17/10 to those individuals who were AEIs on or after 10/31/09.
7. Notices must also be sent to those AEIs who are entitled to make retroactive premium payments and those entitled to premium reimbursement within the first 60 days of the individual's transition period – any period of coverage beginning before 12/19/09 that will now be covered by the subsidy due to the extension.



## Employer Group Calls for Revamp of Health Care Plan

The American Benefits Council (ABC) said it won't support the Senate health care reform legislation until several improvements are made. ABC suggests that the current plan poses several problems for employer-sponsored care. Specific improvements that ABC wants the bill to include are:

- Amending the proposed 40 percent excise tax on the most costly insurance plans starting in 2013.
- Giving employers up to 90 days to extend coverage to new employees instead of 30 before incurring penalties.
- Removing the provision that would tax government subsidies for offering prescription drug plans equal to Medicare Part D.