



Next Generation Healthcare™

20 Armory Lane
Milford, CT 06460-3361
Phone: (203) 876-1660
Toll Free: (800) 447-6689
Fax: (203) 877-9557

Our COBRA administration software vendor, Travis Software Corp., provided the following information to assist our clients with the new COBRA rules. Stirling Benefits hopes that this brief outline will help inform your office of the new COBRA rules.

Now that the Department of Defense Appropriation Act, 2010 DODAA, (or H.R. 3326) has passed the Senate, Congress has given a holiday gift to several hundred thousand existing COBRA qualifying beneficiaries and to others who lose their coverage during the first two months of 2010. An extension of the 65% ARRA subsidy of COBRA premiums from nine to fifteen months, and possible eligibility for the subsidy to those who have COBRA qualifying events of termination through February 28, 2010.

We've found five categories of COBRA qualifying beneficiaries who are affected by the changes to the law. QBs in each category will need to be sent new letters acquainting them with the aspects of the new law, and in some cases asking them to provide their administrators with their decision on elections they may now make.

The five types of COBRA QBs and the actions to be taken are:

1. Assistance Eligible Individuals (AEIs) who have one or more months of COBRA eligibility remaining, who have exhausted their ARRA subsidy and their COBRA coverage was terminated.

A new letter will need to be produced for these people advising them of their right to as many as six months of subsidy and the new opportunity they have to re-enroll in COBRA. Each of these letters will be accompanied by a new "Coverage Reinstatement Enrollment/Premium Payment Form" which will give the QB information about how much they need to pay at subsidized rates, and by what date, in order to re-enroll.

2. AEIs who are enrolled and "on ARRA subsidy" and whose 9-month ARRA subsidy has not been exhausted. These QBs will receive a new letter letting them know they are eligible for up to an additional six months of subsidy (if they have at least one month of COBRA continuation remaining after the nine-month subsidy exhausts), will give their new subsidy exhaustion date, and will let them know they will need to continue paying at the same rate they are paying currently.

3. AEIs who continue to be enrolled in COBRA but whose ARRA subsidy has already been exhausted. These QBs have begun or resumed paying the full monthly COBRA premium after their period of subsidy was exhausted. Yet another new letter will need to be sent for these QBs, letting them know of the changes in the law and giving them the new date through which they may receive ARRA subsidy. New payment coupons or notices will need to be produced for them, showing the amounts they will need to pay in future months. COBRA systems will need to credit each QBs overpayment caused by the elongated subsidy, if any, toward their 35% of premium due in future months, but will also mention that their overpaid premiums may be refunded. The new letter's standard wording should suggest that they contact their COBRA administrator if they would like a premium refund.



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4. QBs with a First Day After Loss of Coverage of November 1, 2009 - February 28, 2010, who have already been notified of COBRA eligibility, but are not enrolled. Given the law's requirement to notify them of the (now) 15 months of subsidy available to them and the Department of Labor's past requirement for a full renotification after ARRA was first passed, it may be prudent to generate a new COBRA Election Notice to each of them with 15 months of subsidy offered to them if they qualify as an AEI rather than the nine mentioned in the previous Election Notice sent to them. The logic behind restating the offer of COBRA is that they will need to be allowed to make a new decision based on the new information that they can now receive 15 months of subsidy.

5. QBs whose initial COBRA Election Notice is now out of date due to the DODAA. These QBs may need to be given a COBRA Election Notice whose wording varies, but only slightly, from the COBRA Election Notice that was provided since ARRA was first enacted. The modified notice will communicate the 15-month length of subsidy if they qualify as an AEI.

Agents who use Stirling Benefits COBRA services will have these letters generated for their clients. As more information is known about the administrative effort required to meet DODAA, 2010 or as guidance comes out from DOL or IRS, we will modify our notices and procedures to meet the emerging requirements.

Stirling Benefits offers full service stand alone COBRA services, along with debit card flex and HRA administration, traditional self-funded plans and retiree billing and claim administration. For information on how we can help your agency grow, please contact Andrea Gambardella at (203) 647-0621 or Laurie Gallup at (203) 647-0601. Happy Holidays from all of us at Stirling Benefits!

December 22, 2009