

KEEPING CURRENT . . . on COBRA & HIPAA[®]

HURRICANE RULE EXTENDS PLAN TIME FRAMES

A final rule, published September 21, 2005 by the Department of Labor and Department of the Treasury, extends certain time frames applicable to *group health plans, disability and other welfare plans, pension plans, their participants and beneficiaries, and group health issuers*, under ERISA and the Internal Revenue Code.

The relief is for affected plan participants, beneficiaries, qualified beneficiaries, and claimants who resided, lived or worked in one of the disaster areas at the time of the hurricane. Relief is also afforded for employee benefit plans directly affected by Hurricane Katrina.

The disaster areas are defined as the counties and parishes in Louisiana, Mississippi or Alabama that have been or are later designated as disaster areas eligible for assistance by FEMA (Federal Emergency Management Agency).

How will this affect employee benefit plans in Indiana or Kentucky? Several ways: a new hire may relocate here from the relief area; a COBRA beneficiary may be located in the relief area, or a company that you insure or administer may have been directly affected by the disaster.

Under the rule, group health plans, disability and other welfare plans, pension plans, and other health insurance issuers subject to Part 7 of ERISA, must disregard the period from August 29, 2005 through January 3, 2006 when determining any of the following:

HIPAA:

- The 63 day break in coverage period;
- The 30 day period to enroll new dependents without a preexisting condition clause;
- The 30 day period to request special enrollment; and,
- The date for plan sponsors to provide an automatic certificate of creditable coverage.

COBRA:

- The 60 day period to elect COBRA coverage;
- The date for making COBRA payments;
- The date for individuals to notify the plan or a qualifying event or determination of disability; and,
- The date for the plan sponsor to provide a COBRA election notice.

CLAIMS:

- The date within individuals may file a benefit claim; and,
- The date within claimants may appeal an adverse benefit decision.

On October 15, 2005, the DOL and IRS announced that a suspension of the various HIPAA and COBRA notice deadlines will be extended from January 3, 2006 (as stated in the rule) until February 28, 2006.

In addition, other regulations have extended the deadlines for plan administrators and employers directly affected by the disaster, including:

- New deadline of February 28 to file Form 5500 and Form 5500EZ;
- Some constraints on administrative requirements for employees to withdraw or borrow from retirement plans;
- Suspension of sanctions on employers for hiring Katrina survivors who are unable to provide documentation of citizenship.

New announcements are being made almost daily. If you are dealing with an employer or employee who has been affected by the Hurricane, please verify that you are following the correct guidelines before proceeding.

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