

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

The *AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009* (ARRA) was signed by the President on February 17, 2009. This issue is one of several *ARRA Special Editions* I will be sending as additional information is received.

COBRA and ARRA CLARIFICATION

The final version of ARRA did not include the age 55 “Early Retirement” COBRA extension as previously reported. This language was removed from the bill during the last hours of deliberation.

IRS RELEASES EMPLOYER INFORMATION/FORMS FOR COBRA SUBSIDY

On February 26, the Internal Revenue Service released new detailed information that will help employers claim credit for the COBRA medical premiums they pay for their former employees. The IRS posted the information at www.irs.gov including an extensive set of questions and answers for employers and a revised version of the quarterly payroll tax return that employers will use to claim credit for the COBRA subsidies they pay for their former employees.

EBSA CREATES NEW MODEL COBRA NOTICES

The Department of Labor, Employee Benefit Security Administration (EBSA) has created model notices to help plans and individuals comply with ARRA requirements.

The General Notice (Full version) must be sent to all qualified beneficiaries, not just covered employees, who experienced a qualifying event at any time from September 1, 2008 through December 31, 2009, regardless of the type of qualifying event, AND who either have not yet been provided an election notice or who were provided an election notice on or after February 17, 2009 that did not include the additional information required by ARRA. This full version includes information on the premium reduction as well as information required in a COBRA election notice.

The General Notice (Abbreviated version) includes information regarding the availability of the premium reduction and other rights under ARRA, but does not include the COBRA coverage election information. This may be used as an attachment to the Election Notice for individuals who experienced a qualifying event during on or after September 1, 2008, have already elected COBRA coverage, and still have it.

The Alternative Notice is sent by insurance issuers that provide group health insurance coverage 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 Alternative Notice or the abbreviated model General Notice appropriate for use in certain situations.

The Notice in Connection with Extended Election Periods must be sent by April 18, 2009 to any assistance eligible individual (or any individual who would be an assistance eligible individual if a COBRA continuation election were in effect) who:

1. Had a qualifying event at any time from September 1, 2008 through February 16, 2009; and
2. Either did not elect COBRA continuation coverage, or who elected it but subsequently discontinued COBRA.

This notice includes information on ARRA’s additional election opportunity, as well as premium reduction information.

For more information on these topics, contact:

Marlene H. Mehringer Bowen, LUTCF, RHU

(812) 449-9782

marlene@mehringerasociates.com

