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**Helpful Information for Beneficiaries Regarding COBRA Premium Assistance  
under the American Recovery and Reinvestment Act (ARRA), As Amended**

The American Recovery and Reinvestment Act of 2009 (ARRA) provides premium assistance for certain individuals receiving continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) or comparable State laws. Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the employer, plan, or insurer through a tax credit. As amended on December 19, 2009 by the Department of Defense Appropriations Act, 2010 (2010 DOD Act), ARRA now provides premium assistance that applies to periods of health coverage beginning on or after February 17, 2009, and lasting for up to 15 months. Under ARRA, COBRA continuation coverage is defined as continuation coverage provided pursuant to the Employee Retirement Income Security Act of 1974 (ERISA) and Section 4980B of the Internal Revenue Code (generally for private sector employers with 20 or more employees), the Public Health Service Act (for non-Federal governmental employers with 20 or more employees), Title 5 of the U.S. Code (for Federal employees) or under a State program that provides comparable continuation coverage (generally covering private employers with fewer than 20 employees). State continuation of coverage programs generally are referred to as State mini-COBRA programs. For purposes of ARRA premium assistance, mini-COBRA coverage is “comparable” to Federal COBRA coverage if the mini-COBRA coverage is substantially similar to the coverage that was previously provided under the group health plan, and is provided at a monthly cost that is based on a specified percentage of the group health plan’s cost of providing such coverage.

This document provides helpful information about the ARRA and COBRA continuation coverage that are directed towards the individuals eligible for these COBRA programs. Unless otherwise noted, references to ARRA include the amendments added by the 2010 DOD Act.

Our fact sheet, “Helpful Information About State Continuation Coverage (“Mini-COBRA” Programs) and the American Recovery and Reinvestment Act of 2009 (ARRA), As Amended,” provides information on premium assistance available to individuals receiving State continuation coverage--including those eligible for retroactive coverage under the 2010 DOD Act. You can find that document at the following websites: CMS website (<http://www.cms.hhs.gov/COBRAContinuationofCov/>) or CMS-sponsored website (<http://www.continuationcoverage.net/>).

## **General Information**

For general information about COBRA coverage and changes to COBRA under the ARRA, please visit the Department of Labor's website at: <http://www.dol.gov/ebsa/COBRA.html>. There you can find more information about who qualifies as an "assistance eligible individual," model notices and more. The Internal Revenue Service has additional information that can be found at: <http://www.irs.gov/newsroom/article/0,,id=204505,00.html>. Also, CMS provides information on both its website (<http://www.cms.hhs.gov/COBRAContinuationofCov/>), as well as the CMS-sponsored website (<http://www.continuationcoverage.net>).

### 1. How can I qualify for assistance with my COBRA premium?

You can qualify for COBRA premium assistance for a period of up to 15 months if you are an "assistance eligible individual." An "assistance eligible individual" is the employee or a member of his/her family under all of the following conditions:

- The individual is eligible for COBRA continuation coverage related to a qualifying event occurring at any time from September 1, 2008 through February 28, 2010;
- The individual elects COBRA coverage; and
- The qualifying event that made him or her eligible for COBRA continuation coverage was the covered employee's involuntary termination of employment.

If you qualify, the premium assistance applies to periods of coverage that begin on or after February 17, 2009. For group health plans that provide COBRA coverage on a calendar month basis, March 2009 is the first month for which the premium assistance can apply.

### 2. How does the 2010 DOD Act change the existing ARRA law?

The new changes extended the benefits to more individuals. Whereas the earlier law required that the qualifying event occur on or before December 31, 2009, now people who lose their jobs involuntarily during the months of January and February 2010 will be able to apply for the benefit. The benefit, originally capped at nine months, now lasts for 15 months.

ARRA, as amended, links the timing of eligibility for the premium assistance only to the date of the qualifying event, but not to the date that an individual is eligible for COBRA. Before the amendments of the 2010 DOD Act, the date that the continuation coverage itself began was one factor in determining whether an individual was eligible for premium assistance. Thus an individual terminated in the middle of December 2009, whose employer did not require that he or she start COBRA until January 1, 2010, would not have qualified for premium assistance under the original law. Now, the date of eligibility for continuation coverage is not a determining factor for eligibility for the

premium assistance and the date of the involuntary termination itself--the event that qualifies the individual for continuation coverage--determines whether an individual qualifies as an "assistance eligible individual." (The qualified beneficiary must still elect continuation coverage.)

The amendments also require that plans, employers, and insurers provide additional notification about the extension, within different time frames, to three types of individuals:

- Individuals who are assistance eligible individuals on or after October 31, 2009;
- Individuals who experience a termination of employment relating to COBRA on or after October 31, 2009; and
- Former assistant eligible individuals who exhausted their nine months of premium assistance (includes people who did and did not timely pay for the continuation coverage thereafter).

3. I am in the middle of receiving my nine months COBRA continuation coverage under the original ARRA law. Do I qualify for more months of coverage? What steps need I take?

Workers and family members who at the time of enactment of the extension, i.e., December 19, 2009, were still receiving premium assistance under the original ARRA provisions may receive the benefit for up to six more months (for a total of 15 months maximum). However, you must remain otherwise eligible for both COBRA coverage and premium assistance. For instance, if comparable continuation coverage in your State ends after 12 months coverage, you would not be able to qualify for the entire 15 month maximum, but would stop receiving the State continuation coverage (and the premium assistance) after 12 months

4. I lost my COBRA coverage after my nine months' premium subsidy ran out because I stopped making my COBRA payments. Now that the premium assistance lasts for 15 months, is there any way I can get my COBRA continuation coverage and premium assistance back?

A retroactive section of ARRA, as amended, provides that each beneficiary whose nine months of premium assistance expired before the extension was signed into law has the opportunity to be treated as if he or she timely paid the 35 percent of the premium due for the continuation coverage if:

- The assistance eligible individual pays the 35 percent of unpaid premiums by the later of:
  - 60 days of enactment (i.e., February 17, 2010); or
  - 30 days after receiving notice of the extension from the plan, employer, or issuer.

If you qualify and timely pay, you may receive up to six more months of premium assistance (for a total of 15 months coverage). The additional six months continuation coverage and accompanying premium assistance, which must not only relate to the first nine months but follow immediately after it, can only last as long as you otherwise remain eligible. For instance, if you become eligible for another group health plan two months after your first premium assistance expired, you can no longer receive premium assistance and must stop at a total of 11 months premium assistance (nine plus two months).

Individuals who pay timely will be treated for purposes of any COBRA continuation provision as having paid timely. This means that your COBRA may extend as far out as your premium assistance (up to 15 months), but also may extend even further. For instance, if you are entitled to a full 18 months and retroactively cover the 35 percent unpaid premium costs for a full 15 months, you still could receive three more months COBRA continuation coverage provided you can pay for it without the premium assistance.

5. After my nine months premium assistance ended, I kept paying the full premium price for my COBRA continuation coverage. Do I qualify for more premium assistance and, if so, can I get my money back?

If otherwise eligible, you may continue to receive premium assistance for up to six months immediately after the first nine months of premium coverage (up to the 15 month total). As an individual who paid for your continuation coverage in full after the nine months premium assistance expired, you are entitled to a credit or refund for payments you made above 35 percent of the premium cost.

6. How do I find out if my State requires small employers to provide continuation coverage?

Approximately 40 States require that employers not covered by the Federal COBRA requirements provide some form of continuation coverage. To find out whether your State has such a requirement, contact your State's Department of Insurance. To obtain the contact information of your State Department of Insurance, go to [http://www.cms.hhs.gov/HealthInsReformforConsume/Downloads/2009-0205\\_State\\_Status\\_Chart.pdf](http://www.cms.hhs.gov/HealthInsReformforConsume/Downloads/2009-0205_State_Status_Chart.pdf). Staff at the State Department of Insurance should be able to advise you on whether a State continuation coverage program exists and, if so, whether individuals receiving continuation coverage through the State's program could potentially be eligible for the premium assistance. For more information about State continuation coverage, please see the article entitled "Helpful Information About State Continuation Coverage ("Mini-COBRA" Programs) and the American Recovery and Reinvestment Act of 2009 (ARRA)," which can be found on the CMS website or sponsored website identified in the General Information section.

7. How will I find out about how to apply for the premium assistance?

If your plan is under the jurisdiction of Federal COBRA law, you should receive with the COBRA election notice from your employer, or, in the case of private sector multi-employer and union group health plans, from the health plan itself information about the premium assistance and an application form for the premium assistance. If your employer is subject to your State’s continuation coverage laws (i.e., is a mini-COBRA program) and is comparable, you should receive this information from your insurer. As discussed above (Question 2), plans, employers, and insurers also are required to provide additional notification about the extension provisions to certain employees.

8. How do I apply for the premium assistance and what is the deadline for doing so?

See the table below for information about forms and applicable deadlines. You should receive more detailed information with the forms. Individuals receiving the premium assistance at the time of the enactment of the extension do not need to fill out these forms. Instead, continue timely paying 35 percent of the full premium amount. Previous assistance eligible individuals who exhausted their nine months premium assistance before the enactment of the extension do not need to re-file, even those required to retroactively pay 35 percent of unpaid premiums due. Other assistant eligible individuals would need to file.

Name of Form	You Should Complete This Form If -	Deadline for Submitting Form
Request for Treatment as an Assistance Eligible Individual	You wish to apply for the premium assistance.	There is no deadline, but it is in your best interest to complete and submit the form as soon as possible.
COBRA Continuation Coverage Election Form (for those in plans covered by Federal COBRA laws)	You wish to elect COBRA continuation coverage and have yet to do so.	Within 60 days of the later of: the date of the notice that accompanies the form; or the coverage loss date.
Continuation Coverage Election Form (for those in plans covered by State laws)	You wish to elect continuation coverage provided by the laws of your State.	Specified by State law.
Form for Switching COBRA Continuation Coverage Benefit Options	You were offered the option to switch to coverage different from that in which you were enrolled at the time of your involuntary termination; and you wish to receive assistance with the premium for that coverage.	Within 90 days of the date of the notice that accompanies the form.

9. I lost my employer-based health insurance because my hours were reduced. Can I get the premium assistance?

As explained above, the only qualifying event that is subject to ARRA premium assistance is involuntary loss of coverage (see Q&A-1). Thus, a reduction in hours generally is not a qualifying event that entitles the beneficiary to the premium assistance. If the qualifying event is having your hours reduced to zero, then it would be construed as an involuntary termination and you then could potentially be eligible for the premium assistance.

10. I signed a document indicating that I had resigned my job although I believe I was really fired. Can I qualify for the premium assistance?

The determination of whether a termination of employment is involuntary is based on all the facts and circumstances. For example, if a termination is designated as voluntary or as a resignation, but the facts and circumstances indicate that, absent such voluntary termination, the employer would have terminated the employee's services, and that the employee had knowledge that this was the case and was willing to keep working for the employer, the termination is involuntary for purposes of the ARRA premium reduction.

11. My State's mini-COBRA program offers comparable continuation coverage for less than 9 months. Can I still get the premium assistance if I lose my job and elect the continuation coverage in my State?

Yes, but you will only receive the assistance for the period of time specified under your State's program. So, for example, if your State's law only offers continuation coverage for 6 months, you would only receive the assistance for 6 months.

12. I just lost my job, and plan to elect COBRA and apply for the premium assistance. My wife is on Medicare but I'm not. Can I still qualify for the premium assistance? What about my wife?

In this situation, you may qualify for assistance, but your wife cannot qualify for the premium assistance even though she may be entitled to elect COBRA coverage. When an individual becomes eligible for Medicare or another group health plan, s/he is no longer eligible for premium assistance.

13. How can my employer learn more about the premium assistance?

Your employer can find more information at any of the following websites:

- The Centers for Medicare & Medicaid Services ([www.cms.hhs.gov/cobracontinuationofcov/](http://www.cms.hhs.gov/cobracontinuationofcov/))
- CMS-sponsored (<http://www.continuationcoverage.net>)
- The Department of Labor (<http://www.dol.gov/ebsa/COBRA>)
- The Internal Revenue Service ([www.irs.gov/newsroom/article/0,,id=204505,00.html/](http://www.irs.gov/newsroom/article/0,,id=204505,00.html/))

Your employer can address any questions to a CMS-sponsored helpdesk by either:

- Calling toll-free (866) 400-6689 (staffed 8 am - 8 pm ET); or
- E-mailing [ContinuationCoverage@maximus.com](mailto:ContinuationCoverage@maximus.com).

14. What should I do if my application for the premium assistance is denied?

If your request for treatment as an assistance eligible individual is denied, whether by your plan, employer or insurer, you can ask for an expedited review of the denial by the U.S. Department of Labor (DOL) or the Centers for Medicare & Medicaid Services (CMS), as shown in the table below. CMS or DOL must make a determination within 15 business days of receipt of a completed request for review.

Department of Labor	Centers for Medicare & Medicaid Services
Private employers with 20 or more employees (except churches)	State, Local and other non-Federal governments with 20 or more employees
	Federal government agencies
	Private employers with fewer than 20 employees that are subject to comparable State mini-COBRA laws; also churches if subject to comparable State mini-COBRA laws

Forms for requesting a review of a denial can be found on the following websites:

- Department of Labor (DOL) website:  
<http://www.dol.gov/ebsa/COBRA/main.html> You may fax, send, or file your form electronically with the DOL (see above website)
- CMS website: <http://www.cms.hhs.gov/COBRAContinuationofCov/>
- CMS-sponsored website: <http://www.continuationcoverage.net>
- You may fax your CMS Request for Review form to:
  - The toll-free number (866) 941-0170
    - to confirm fax receipt you may call, toll-free, (866) 400-6689; OR
  - Send the form to :

MAXIMUS Federal Services, Inc.  
 COBRA--Continuation Coverage  
 Assistance Appeals Project  
 800 Cross Keys Office Park  
 First Floor - Suite 820  
 Fairport, New York 14450