



INSIGHTS

March, 2009

2009-04.1

IMPORTANT COBRA UPDATE

The Department of Labor today released the model COBRA notices in accordance with the requirements of the American Recovery and Reinvestment Act of 2009 (ARRA) which are to be used for all COBRA Qualifying Events from September 1, 2008 – December 31, 2009. **The revised COBRA notice must be issued to individuals who became eligible for COBRA coverage for any reason no later than April 18, 2009.** The model notices contain the following:

- Information about COBRA rights
- Information about the premium assistance subsidy including eligibility, restrictions and the employee's obligations under the program
- New forms such as the "Application For Treatment as an Assistance Eligible Individual and Plan Notification When Eligible For Other Coverage"

In addition, plan sponsors have the option (it is not a requirement) of allowing Assistance Eligible Individuals the right to elect other, less expensive coverage. A special form has been created for those plan sponsors who wish to make this available.

The DOL has created four model notices as follows:

General Notice (Full Version) – Plans subject to Federal COBRA provisions can use this notice for qualified beneficiaries who have not yet received an election notice and have a Qualifying Event between September 1, 2008 – December 31, 2009

General Notice (Abbreviated Version) – Contains the same information as the Full Version but does not include the COBRA coverage election information. This notice can be used instead of the Full Version for those employees who experienced a Qualifying Event on or after September 1, 2008 and who are currently enrolled in COBRA coverage.

Alternative Notice – This notice applies to employees eligible for continuation coverage under State Continuation Plans, generally small group plans not subject to Federal COBRA provisions. This notice generally must be sent to anyone who became eligible for a State continuation plan on or after September 1, 2008, subject to the individual state guidelines. More information about the state requirements will be forthcoming.

Notice In Connection With Extended Election Periods – Plans subject to Federal COBRA MUST send this notice to any person who is considered to be an Assistance Eligible Individual who

- Had a qualifying event from September 1, 2008 – February 16, 2009, and

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- Is not presently on COBRA (either waived coverage initially or subsequently discontinued coverage).

The model notices can be found at <http://www.dol.gov/ebsa/COBRAmodeInotice.html>

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