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**COBRA PREMIUM SUBSIDY EXTENSION IS DELAYED**

**DOL RELEASES MODEL NOTICES**

**COBRA PREMIUM SUBSIDY EXTENSION IS DELAYED**

The Senate adjourned for recess without taking action on H.R. 4851 that would temporarily extend federal COBRA health insurance premium subsidies. H.R.4851 would extend the existing 65% premium federal subsidy through April 30, 2010. Without the extension, employees who are involuntarily terminated after March 31 will not be eligible for the 65%, 15-month premium subsidy. The Senate is expected to review the bill soon after their return on April 12 and if approved, the premium subsidies would be retroactive to April 1.

**DOL RELEASES MODEL NOTICES**

The Department of Labor's Employee Benefits Security Administration has updated their COBRA page to now include the model notices updated for the extension provisions of the Temporary Extension Act of 2010 (TEA), which recently extended through March 31, 2010 the eligibility period for the COBRA premium subsidy under ARRA. TEA also amended the definition of assistance eligible individual (AEI) to include certain individuals experiencing a reduction of hours followed by an involuntary termination, and added a new election period for such individuals. There are now five model COBRA ARRA notices available from the DOL. They are available on the DOL website at:

<http://www.dol.gov/ebsa/COBRAmodeInotice.html>

**MODEL NOTICES**

Each model notice is designed for a particular group of qualified beneficiaries and contains information to help satisfy ARRA's notice provisions, including those added by the 2010 TEA Act. The following notices are now available:

[Model Updated General Notice](#) - Plans subject to the Federal COBRA provisions must provide the updated General Notice to all qualified beneficiaries (not just covered employees) who experienced a

qualifying event at any time from September 1, 2008 through March 31, 2010, regardless of the type of qualifying event, and who have not yet been provided an election notice. This model notice includes updated information on the premium reduction as well as information required in a COBRA election notice.

Note: Individuals who experienced a qualifying event (that was a termination of employment) on or after March 1, 2010 may not have been provided proper notice. These individuals should get the updated General Notice and the full 60 days from the date the updated notice is provided to make a COBRA election.

Model Notice of New Election Period - Plans subject to continuation coverage provisions under Federal or State law should provide, within 60 days of the date of the termination of employment, a Notice of New Election Period to all individuals who:

- experienced a qualifying event that was a reduction in hours at any time from September 1, 2008 through March 31, 2010;
- subsequently experience a termination of employment at any point from March 2, 2010 through March 31, 2010; and
- either did not elect continuation coverage when it was first offered or elected but subsequently discontinued the coverage.

Individuals who experience an involuntary termination of employment after experiencing a qualifying event that consists of a reduction of hours must be provided this notice within 60 days of the termination of employment.

Model Supplemental Information Notice - Plans that are subject to continuation coverage provisions under Federal or State law should provide the Supplemental Information Notice to all individuals who elected and maintained continuation coverage based on the following qualifying events:

- terminations of employment that occurred at some time on or after March 1, 2010 for which notice of the availability of the premium reduction available under ARRA was not given; or
- reductions of hours that occurred during the period from September 1, 2008 through March 31, 2010 which were followed by a termination of the employee's employment that occurred on or after March 2, 2010 and by March 31, 2010.

Individuals who experience an involuntary termination of employment after experiencing a qualifying event that consists of a reduction of hours must be provided this notice within 60 days of that termination. Individuals with qualifying events that occurred on or after March 1, 2010 for which notice of the availability of the premium reduction available under ARRA was not given must be provided this notice before the end of the required time period for providing a COBRA election notice.

Model Notice of Extended Election Period - Plans that are subject to continuation coverage provisions under Federal or State law must provide, before the end of the required time period for providing a COBRA election notice, the Notice of Extended Election Period to all individuals who:

- experienced a qualifying event that was a termination of employment at some time on or after March 1, 2010;
- were provided notice that did not inform them of their rights under ARRA, as amended by TEA; and
- either chose not to elect COBRA continuation coverage at that time or elected COBRA but subsequently discontinued that coverage.

Model Updated Alternative Notice – Insurance issuers that offer group health insurance coverage that is subject to comparable continuation coverage requirements imposed by State law must provide the Alternative Notice to all qualified beneficiaries, not just covered employees, who have experienced a qualifying event through March 31, 2010. However, because continuation coverage requirements vary among States it should be further modified to reflect the requirements of the applicable State law.

## **CONCLUSION**

Trion is providing you with this update based on available information and interpretation of the Premium Assistance of COBRA Benefits section of the Temporary Extension Act of 2010. Trion will continue to provide updates as additional information becomes available.

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