

CLIENT BULLETIN

DOL Posts Model COBRA Subsidy Notices and FAQs

One Notice Must Be Distributed By April 18, 2009

The Department of Labor (DOL) posted *Model Notices; FAQs for Employers on the COBRA Premium Reduction; Expanded FAQs for Employees on the COBRA Premium Reduction* and *Updated FAQs for Employees on General COBRA Provisions*. The Notices are available at the DOL webpage at <http://www.dol.gov/ebsa/COBRA.html>.

By April 18, 2009, group health plans (GHPs) must distribute the "second chance" election notice to participants who experienced an "involuntary termination" between September 1, 2008 and February 16, 2009 but who did not elect COBRA or dropped COBRA.

As reported in [Client Bulletin 2009-15](#) and [Client Bulletin 2009-19](#), the *American Recovery and Reinvestment Act of 2009 (ARRA)* mandates that GHPs notify certain current and former participants and beneficiaries about the premium reduction.

As required by *ARRA*, the DOL created model notices to help plans and individuals comply with the *ARRA* notice requirements. Each of the four model notices is designed for a particular group of qualified beneficiaries and contains information to help satisfy *ARRA*'s notice provisions. The DOL's explanation of each of the four notices is below. The Research Department has prepared copies highlighting in red the areas that must be filled in or optional language that GHPs should consider. **It may be possible to combine the second and fourth notices by *carefully* noting the differences and making sure all of the pertinent information is included in the combined notice and explaining the notice applies to two classes of individuals.**

The Four Model Notices

The *first notice* (General Notice – Full Version) is to be used to replace the general COBRA notice for all qualifying events occurring from March 1, 2009 through December 31, 2009. The *second notice* (General Notice – Abbreviated Version) may be used to notify individuals who experienced an involuntary termination between September 1, 2008 and February 16, 2009 and who elected and still have COBRA. The *third notice* (Alternative Notice) is for insured plans only and the *fourth notice*

(Notice in Connection with Extended Election Periods) is for individuals who experienced an involuntary termination between September 1, 2008 and February 16, 2009 and who did not elect or has dropped COBRA.

All four notices also contain an application for the subsidy entitled "**REQUEST FOR TREATMENT AS AN ASSISTANCE ELIGIBLE INDIVIDUAL**" which must be filled out by the qualified beneficiary and submitted to the Plan in order for an individual to obtain the COBRA premium subsidy.

1. General Notice - Full Version

Plans subject to the Federal COBRA provisions must send the General Notice *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.* This full version includes information on the premium reduction as well as information required in a COBRA election notice. This General Notice (Full Version) replaces the prior General Notice during the *ARRA* subsidy program and should be used for all qualifying events, not just "involuntary terminations", through December 31, 2009. The Notice will probably revert back to its original form once the *ARRA* subsidy program ends.

The Research Department's modified version of the General Notice – Full Version is available by "[clicking here.](#)"

2. General Notice - Abbreviated Version

The *abbreviated version* of the General Notice includes the same information as the full version regarding the availability of the premium reduction and other rights under *ARRA*, but does not include the COBRA coverage election information.

It may be sent instead of the full version to individuals who:

- experienced a qualifying event on or after September 1, 2008,
- have already elected COBRA coverage, and
- still have COBRA coverage.

The Research Department's modified version of the General Notice – Abbreviated Version is available by "[clicking here.](#)"

3. Alternative Notice

Insurance issuers that provide group health insurance coverage must send the Alternative Notice 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. [**NOTE: self-insured plans are exempt from state "mini-COBRA" laws and do not need to send this notice.** Only insured plans will send this notice.]

The Research Department's modified version of the Alternative Notice is available by "[clicking here.](#)"

4. Notice in Connection with Extended Election Periods

Plans subject to the Federal COBRA provisions **must** send the Notice in Connection with Extended Election Periods 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. **This notice must be provided by April 18, 2009.**

The Research Department's modified version of the Notice in Connection with Extended Election Periods is available by "*clicking here.*"

The DOL also issued the following documents. The Research Department has prepared versions with Tables of Contents that are available by using the following "clicking here" links:

- *FAQs for Employers on the COBRA Premium Reduction*
<http://www.dol.gov/ebsa/faqs/faq-cobra-premiumreductionER.html> or by "*clicking here*";
- *Expanded FAQs for Employees on the COBRA Premium Reduction*
<http://www.dol.gov/ebsa/faqs/faq-cobra-premiumreductionEE.html> or by "*clicking here*"; and
- *Updated FAQs for Employees on General COBRA Provisions*
http://www.dol.gov/ebsa/faqs/faq_consumer_cobra.html or by "*clicking here.*"

FURTHER RESOURCES

- The main IRS COBRA premium subsidy webpage is located at:
<http://www.irs.gov/newsroom/article/0,,id=204505,00.html>.
- The main DOL COBRA premium subsidy webpage is located at:
<http://www.dol.gov/ebsa/cobra.html>.

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