

*Frequently Asked COBRA Questions  
American Recovery and Reinvestment Act of 2009 (ARRA) for  
COBRA Participants*

On February 17, 2009 the **American Recovery and Reinvestment Act of 2009 (ARRA)**, containing new COBRA subsidy rules was signed into law.

Under the new rules, which are by their nature temporary, employees who have terminated employment involuntarily are entitled to a subsidy of up to 65% of the normal COBRA premium for up to nine months.

## **ELIGIBILITY**

### **Q1: Who is eligible to receive the subsidy?**

A1: The subsidy is available to employees and their families (Assistance Eligible Individuals or AEIs) who are otherwise entitled to COBRA continuation coverage and who have been involuntarily terminated from employment for reasons other than gross misconduct between September 1, 2008 and December 31, 2009. However additional qualifications apply such as:

- Medicare eligibility (Individuals eligible for Medicare can not receive premium assistance for medical coverage, even if allowed to continue Medical under COBRA)
- Enrollment or having eligibility to enroll in other healthcare coverage.
- Salary: cannot exceed \$125,000 if filing single, 250,000 if filing jointly.
- Must complete election process for Continuation of Benefits and ARRA enrollment form.

### **Q2: What is the definition of “Involuntary Termination”?**

A2: Termination of employment based on employer action not resulting from gross misconduct.

### **Q3: If I am determined to be an Assistance Eligible Individual (AEI), can I pay reduced premiums for all coverage offered under COBRA?**

A3: No, only the following benefits are eligible for reduced premiums:

- Medical
- Dental
- Vision
- Employee Assistance Plans

Other coverages such as Life Insurance and Flexible Spending Accounts (FSAs) are exempt from the ARRA premium reduction

### **Q4: Does the reduced premium last for my entire coverage period?**

A4: No, the maximum duration for the premium assistance is nine months beginning March 2009 or the effective date for your eligibility, whichever is later.

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**Q5: How do I receive the reduced premium benefit under American Recovery and Reinvestment Act of 2009 (ARRA)?**

A5: Potential Assistance Eligible Individuals (AEI) must complete and return the ARRA application provided in your notice. Additionally, if you are not currently enrolled for COBRA benefits, you must return the completed election form. You have 60 days from the date of your notice to submit your application and election. If mailing, your submission must be postmarked no later than the end of the 60 day window. Once received, if the application is approved you will receive the reduced premium effective beginning March 2009 or the effective date for your eligibility, whichever is later.

**Q6: What if I was eligible for COBRA due to involuntary termination prior to September 1, 2008 and have paid for coverage during the period from September 1st, 2008 to December 31st, 2009, am I eligible under American Recovery and Reinvestment Act (ARRA)?**

A6: Under ARRA you are not eligible for premium assistance as an AEI. The qualifying event must be during the period of September 1st, 2008 to December 31st, 2009.

**Q7: If I had a COBRA Qualifying Event and my coverage terminated prior to March 2009, or I never elected upon my original notification and I am approved as an AEI after returning my ARRA application and coverage election form, when is coverage in effect?**

A7: The effective date for coverage is March 1 2009.

**Q8: What if I was involuntarily terminated prior to December 31st, 2009 but I do not lose coverage until after January 1st, 2010.**

A8: Under ARRA you are not eligible for premium assistance as an AEI. The loss of coverage must be during the period of September 1st, 2008 to December 31st, 2009 to qualify.

**Q9: Will I be notified of the results of my AEI application?**

A9: If your application to be an AEI is denied, you will receive a letter of notification.

If your application was a result of re-notification as required by ARRA, you are not entitled to benefits under COBRA and any payment included with your application will be returned with your denial letter.

If your application corresponds with your initial notice of COBRA eligibility for a recent qualifying event, you will still be enrolled in COBRA under full premium rates and any payment will be applied to those rates

**Q10: If my application is denied and I want to appeal, who do I contact?**

A10: Appeals of denied applications will be handled by the Department of Labor (DOL).

Information in how to submit an appeal will be available at the DOL website:

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

**Q11: Is coverage elected for domestic partners eligible for premium assistance?**

A11: No. Premiums for the coverage of domestic partners, even in cases of a legal partnership agreement, are not eligible under ARRA. This is regardless of whether the previous employer's plan provides benefits for these individuals.

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**Q12: How much time do I have to submit my AEI application and coverage election?**

A12: You have 60 days from the date of your notice to submit your application and election. If mailing, your submission must be postmarked no later than the end of the 60 day window.

**Q13: I was just terminated, and I received a notice that gave me 60 days to respond. Then I received another notice allowing election under ARRA giving me 60 days to respond. Which do I abide by?**

A13: Benesyst advises that you elect based on your initial window. Remember, the election per the ARRA notice does not guarantee coverage. It is an application that can be denied if the qualifications under the law are not met. If you do not elect during the 60 day window per your qualifying event for COBRA and your AEI application is denied, you are not entitled to coverage under COBRA.

**Q14: My original qualifying event was not involuntary termination (ie: divorce, reduction of hours, loss of dependent status); however the employee was afterwards involuntarily terminated. Am I eligible to apply for the premium reduction as an AEI?**

A14: If you were not eligible to re-enroll in active benefits before the termination you are not eligible for the premium reduction under ARRA. Example: On 10/1/2008 I was provided a notice for COBRA eligibility due to a reduction of the employee's hours making them ineligible for benefits. The employee was involuntarily terminated 1/1/09. The employee and their dependents would not be eligible for the subsidy. However if prior to the termination the employee became eligible for and enrolled in benefits upon an increase of hours, this would result in a new qualifying event under COBRA and the employee and their dependent would be eligible for premium reduction under ARRA.

**Q15: If I elect per my ARRA re-notification after declining or terminating coverage per my initial COBRA entitlement. Do I get a full 18 months of coverage?**

A15: If your application as an AEI is approved, you are entitled to coverage for the remaining portion of the 18 months based on your original qualification date, provided you make your monthly payment on time.

**Q16: Can I change between plans offered by my employer?**

A16: Perhaps. If your previous employer's plan was amended to allow plan changes for approved AEIs, your ARRA notice would include this option. If your notice did not indicate your ability to change plans, this is not available. You may however add dependents to your coverage.

**Q17: My spouse and/or I became eligible for Medicare after my termination of employment. However I want to elect the other benefits offered other than the medical. Can I do this?**

A17: Yes. If other benefit plans other than medical were indicated on your election form, you can elect to reinstate those benefits for a Medicare AEI. Benesyst asks you to indicate whether an AEI is Medicare eligible. Please circle "yes" but write in what benefits you are electing for the person(s) affected. This will help us with processing your submission.

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**Q18: I am still in the election window for my qualification event, however a month or more has passed and I have not used any benefits. I received another notice stating I can elect under ARRA and that coverage will go into effect March 1st, 2009. I could save paying a full month's premium or more by not electing benefits starting on my effective date. What should I do?**

A18: Benesyst recommends completing your initial election to guarantee your entitlement to COBRA benefits and including your AEI application. After processing and your AEI application have been approved, you may indicate in writing with your payment that you want to make coverage effective March 1st, 2009 per ARRA and waive any coverage prior.

## **MONEY / PREMIUMS**

**Q1: If I am an Assistance Eligible Individual (AEI), how much do I save on my premiums?**

A1: Approved AEIs under ARRA are only responsible for paying 35% of their premium responsibility, so you are saving 65% on your premiums.

**Q2: When does the premium reduction go into effect?**

A2: The Assistance Eligible Individual (AEI) must enroll and be approved as an AEI under ARRA. Any reduction in premiums will be effective retroactively to:

- March 2009 premiums or
- The date the AEI was eligible for COBRA

Whichever date is later.

**Q3: If I am an Assistance Eligible Individual (AEI), do I just wait for notice of my reduced amount?**

A3: No, to receive the benefit of ARRA, the AEI must complete and return the form(s) to elect the stimulus reduction included in the notice mailed out to potential AEIs. After approval of your application, any payments received to date will be reapplied per the reduced premium amount and new coupons will be sent.

**Q4: What happens if I have already paid premiums in full for months' coverage now subject to the reduced amount under ARRA?**

A4: If the AEI application is received and approved, any premiums paid for coverages beginning March 2009 will be changed to show AEI responsibility reduced to 35% of the AEI premium amount. Any overpayment will be forwarded as a credit to be applied to future premiums. No refunds of overpayment will be processed unless coverage terminates and the account reflects an unapplied credit amount.

**Q5: What if I am receiving severance from my previous employer. Does the premium assistance start after the severance ends?**

A5: No, the period of nine months of premium assistance begins March 2009 or the effective date for your eligibility, whichever is later. This period includes any months in which your employer is paying either a portion or 100% of the premium per a severance agreement.

**Q6: Do I have to send in payment with my election and AEI application?**

A6: No. If your application is approved you have 45 days to postmark your payment.

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**Q7: Can I pay my premium online?**

A7: We do offer payment options online. Once your application is approved and the election is processed, you can create your account online at: <http://www.benesyst.NET>. A convenience fee applies to online payments.

**Q8: I am in the election window for my qualifying event which was Involuntary Termination. I want to send in payment to begin the reinstatement process. I believe I will qualify for the premium reduction. Can I just send in my 35%?**

A8: The requirement to reinstate benefits is an initial payment equal to one month's premium in full. The determination of your eligibility for premium reduction can only be confirmed after all forms are received. If the application is not approved, receipt of a partial payment would not reinstate benefits. Benesyst recommends sending in full payment and if you are an approved AEI, any overpayment will be credited to following months' premiums.

**Q9: I am already enrolled in COBRA and due to send in my monthly payment. I have currently or will shortly send in my AEI application. Can I wait to send in my premium payment until I find out how much I will owe?**

A9: Benesyst recommends that current COBRA participants send in their full premium until their AEI application is processed and their eligibility is determined. If your grace period for payment passes and there has been no payment, your coverage will terminate. If your application is not approved, you will lose your right to continue COBRA under full premium rates.

## **PROCESS**

**Q1: How long does it take for benefits to be in effect after I have submitted my forms?**

A1: Reinstatement requires initial payment equal to one month's premium in full. Upon approval of your application, reinstatement of coverage(s) is generally processed by the insurance carrier within 30 days. However it can take more than 30 days for carriers to update eligibility. To verify coverage is active, the insurance carrier may be contacted directly. Benesyst is not notified by the carriers when coverage is updated. If the carriers have sent new ID cards, this would signify coverage has been updated. While your coverage is in process at the carrier, you may be required to pay out of pocket for expenses. Upon verifying your reinstatement is complete with your carrier they can advise how to submit any out of pocket expenses for reimbursement.

**Q2: I am in need of covered services ASAP. How do I expedite the reinstatement of benefits?**

A2: Initial payment equal to one month's premium in full must be received to reinstate coverage. Included with your payment, election form and AEI application must be a request for an urgent reinstatement in writing. Including a note with your forms or noting your need on the form itself will suffice. Upon approval of your application, reinstatement of coverage(s) will be processed within 5 business days.

**Q3: Why didn't I receive a notice per the ARRA allowing me to elect? What can I do to get one?**

A3: Benesyst records do not show you are qualified to elect because your eligibility for COBRA was not due to Involuntary Termination as required under ARRA. Appeals can be directed to the Department of Labor (DOL) via their website: <http://www.dol.gov/ebsa/COBRA.html>.