



SITZMANN ■ MORRIS ■ LAVIS

TO: Clients of Sitzmann Morris & Lavis, Inc.

RE: COBRA Subsidy Model Notices

If you are covered by CalCOBRA and are not subject to federal COBRA then you need take no action. Your carriers are responsible for providing the proper notice.

The American Recovery and Reinvestment Act of 2009 (ARRA) as amended by the Temporary Extension Act of 2010 (TEA) mandates that plans notify certain current and former participants and beneficiaries about the premium reduction.

This morning, the Department of Labor (DOL) published model notices for use by employers to comply with these requirements. 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 TEA.

[Action Plan](#)

Review your current and former COBRA beneficiaries to determine if they fall into one of the following categories and send the appropriate notice:

a. [Model Updated General Notice](#)

To all qualified beneficiaries 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.

For California plans we have provided the notice with the California extension language included. If your plan is contracted in California use this notice.

b. [Model Notice of New Election Period](#)

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.

c. [Model Supplemental Information Notice](#)

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.

d. [Model Notice of Extended Election Period](#)

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.

What's Next

The House and Senate are still considering different options to extend the subsidy. Today the House approved a measure that would extend it just through April. The Senate is considering a measure that would extend it through the end of the year. We will let you know when something is signed in to law.

As always, please do not hesitate to contact your SML Account Team should you have any questions.