



PERALTA BENEFITS - EVERYONE



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You are receiving this notice as part of the federal notification requirements to benefit-eligible employees and retirees.

COBRA Background

Under the Consolidated Omnibus Reconciliation Act of 1986, employees and eligible dependents who lose group insurance coverage are eligible to continue medical and dental insurance at their expense when they incur a qualifying event. More details are found in the General COBRA Notice.

Important Resources & web links

Internal Revenue Service

- Model Notice will be published upon release from the DOL.

Department of Labor

- [DOL Website for more background, eligibility information & FAQ's](http://www.dol.gov/ebsa/cobra.htm) or <http://www.dol.gov/ebsa/cobra.htm>
- [Subsidy Appeal's: call 866 444 3272](http://www.dol.gov/ebsa/subsidydenialreview.html) at the Department of Labor/Department of Health & Human Services for instructions or <http://www.dol.gov/ebsa/subsidydenialreview.html>

Peralta

- [Subsidy Application](#)
- [Initial COBRA General Announcement](#)

Web link

<http://www.peralta.pswbenefits.net/COBRAnitialNotification/tabid/105/Default.aspx>

PCCD Benefits Office

333 East 8th Street

Oakland, CA 94606

Jennifer Benford Seibert

District Benefits Coordinator

510 466-7229

PSW Benefits Resources (Broker)

877 866 2623

BENEFITS SPOTLIGHT:

American Recovery and Reinvestment Act (ARRA) COBRA Subsidy

On February 17, 2009, President Obama signed into law a stimulus bill (now known as the American Recovery and Reinvestment Act (ARRA) of 2009). ARRA has many sweeping changes to the COBRA Consolidated Omnibus Reconciliation Act legislation.

Below is a summary of the **REVISED** legislation that will apply to all qualified beneficiaries who are **involuntarily terminated** from employment between **September 1 2008 through May 31, 2010**. You are receiving this notice as part of Peralta's compliance efforts and our commitment to keeping you informed of legislative updates. There is no change to the fundamental COBRA provisions, only a change to pay the premium. Enclosed with this mailing is the COBRA General Notice, Commonly Asked Questions and COBRA Plan Administrator Information.

Summary of Legislative Changes

The American Recovery and Reinvestment Act of 2009 (ARRA) provided a temporary subsidy for the cost of COBRA continuation health coverage. The COBRA premium subsidy has already been extended twice, first in December 2009 and then in March 2010. On April 15, 2010, President Obama signed The Continuing Extension Act of 2010, extending the eligibility period for the subsidy again.

Eligibility Period – Extended Through May 31, 2010

Before the most recent extension, an employee had to be involuntarily terminated from employment between September 1, 2008 and March 31, 2010 to be eligible for the COBRA premium subsidy. This eligibility period has been extended so that individuals experiencing an involuntary termination of employment **through May 31, 2010** are now eligible for the 65 percent subsidy of COBRA benefits.

Although the extension was not passed until April 15, 2010, it is effective as if it were part of the original law. This means that individuals who were involuntarily terminated between April 1 and April 15, 2010 are eligible for the extension.

Extension of Subsidy Eligibility for Reduction in Hours Followed by Involuntary Termination

In general, to qualify for the COBRA premium subsidy, individuals must experience a COBRA qualifying event that is the involuntary termination of a covered employee's employment, during the period beginning **September 1, 2008 and ending May 31, 2010**. As extended by the Continuing Extension Act, an involuntary termination of employment that occurs on or after March 2, 2010, and follows a qualifying event that was a reduction in hours that occurred from September 1, 2008 through May 31, 2010, is also a qualifying event for purposes of the premium subsidy.

If an individual did not elect COBRA after the reduction in hours of employment (or elected and later discontinued it), he or she will have another opportunity to elect based on the involuntary termination of employment if it occurred on or after March 2, 2010. However, the length of the COBRA coverage period will be determined as though the qualifying event were the reduction of hours of employment.

Notice Requirements

The notice requirements related to the COBRA premium subsidy continue to apply. Updated model notices will be available from the Department of Labor. If any individuals declined COBRA coverage due to the lapse of the premium subsidy between April 1, 2010 and April 15, 2010, they must be provided a new notice regarding the extension and be allowed to enroll.

While this legislation is new and many scenarios are possible, you are encouraged to visit the Department of Labor website at www.dol.gov for the most recent updates.

CHECK OUT YOUR BENEFITS INFORMATION CENTER (BIC)!

To learn more about your District-sponsored benefit plans, please visit your Benefit Information Center (BIC) website:

www.peralta.pswbenefits.net

Commonly Asked Questions for those possibly eligible for COBRA Premium subsidy

What benefits are covered under the stimulus?	Medical, dental and vision. Medical Expense Reimbursement Accounts under IRS Code 125 are not be eligible for the subsidy
Must the applicant enroll in both medical and dental plans?	No, benefit elections are mutually exclusive. One can elect medical, but not dental or dental and not medical or both.
Is enrollment for the subsidy program automatic?	No, the COBRA participant must positively elect.
When is the election due date?	Eligible individuals who are electing the subsidy at the same time he/she is making his/her initial election; premium would be due within 45 days of the election. For individuals already paying COBRA premiums and who elect the subsidy coverage may pay the 35% amount immediately (no later than the 30 day grace period).
What happens if the applicant misses the election deadline?	Forms received after election period will not be accepted and will be returned. There is no grace period on the second election.
When are payments due?	Premium payments are due within 45 days of the participant's initial election date or immediately if currently covered under COBRA (no later than the 30 day grace period). See Rate Table and payment mailing address information.
What happens if the coverage is cancelled due to non payment or late payment?	Payments are due by the first of the month in advance of the following month's coverage. Payments received after that date will be returned and coverage cancelled retroactive to the date of last payment.
Does subsidy apply to domestic partners?	No. The federal subsidy does not subsidize same sex or opposite sex domestic partners. However, domestic partners can enroll in the non-subsidized COBRA plan and continue making payments accordingly.
Does the premium reduction or buy down options apply to surviving spouses of Peralta retirees?	No. Death is not a qualifying event for the purpose of reduction in premiums. Surviving spouses can change medical plan enrollment if they move out of the HMO service area.
What about the pre-existing condition exclusion for someone who is eligible but has had a lapse in coverage since September 1, 2008?	The ARRA waives the applicability of a pre-existing limitation resulting from a 63-day break gap in coverage for individuals who take advantage of the second election period.
What are the COBRA Rates?	Your COBRA rates are the rates that you are currently paying. If you are eligible for the subsidy, you will multiply your current rate by .35. The total will be your new COBRA payment for up to 15 months (subject to your continuation of eligibility for government subsidy).
I was recently laid off. How can I tell if I am eligible for the COBRA premium reduction?	<p>To be considered an "assistance eligible individual" and receive reduced premiums you:</p> <ol style="list-style-type: none"> Must have a continuation coverage election opportunity "qualifying event" related to an involuntary termination of employment that occurred at any time from September 1, 2008 – May 31, 2010; Must elect the COBRA coverage within appropriate time frames Must not be eligible for coverage under any other group health plan (such as new employer or spouse's employer) <p>Note: The Temporary Extension Act also provides that individuals who lost coverage because of a qualifying event that was a reduction of hours that occurred any time from September 1, 2008 through May 31, 2010 may be eligible for the premium reduction if the employee is then involuntarily terminated on or after March 2, 2010 and no later than March 31, 2010. The premium assistance for these individuals begins with the first period of coverage following the employee's involuntary termination (that occurs on or after March 2, 2010 through March 31, 2010). TEA also provides a new election opportunity for these individuals if they did not elect (or elected and discontinued) COBRA.</p> <p>Note: A reduction of hours is a COBRA qualifying event <u>when</u> the employee and his/her family <u>lose coverage</u> because the employee, though still employed, is no longer working enough hours to satisfy the group health plan's eligibility requirements.</p>

BENEFIT PLAN	COBRA ADMINISTRATOR	COBRA CONTACT TELEPHONE NUMBER
Kaiser	Benefit Dynamics	925.956.0505
CoreSource	CoreSource	866.280.4120
United HealthCare Dental	Benefit Dynamics	925.956.0505
Delta Dental	Benefit Dynamics	925.956.0505