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Special:

Circular Letter

TO: ALL PEMHCA HEALTH BENEFITS OFFICERS AND ASSISTANT HEALTH BENEFITS OFFICERS

SUBJECT: ARRA COBRA-UPDATE

The American Recovery and Reinvestment Act of 2009 (ARRA), which modified provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), was amended on December 19, 2009, by the Department of Defense Appropriations Act, 2010 (2010 DOD Act).

Changes Regarding Consolidated Continuation Coverage Under ARRA, as Amended by the 2010 DOD Act:

- The COBRA premium reduction eligibility period was extended two months, from December 31, 2009, to February 28, 2010.
- The maximum period for receiving the COBRA premium reduction subsidy was extended (for an additional six months from nine to 15 months).

INDIVIDUAL COBRA NOTIFICATION

General Notice

CalPERS has notified all individuals who had a COBRA qualifying event on or after September 1, 2008 and provided them with the formal Notification (Attachment 1). CalPERS will continue to provide the general notice to all individuals who have a COBRA qualifying event during the period that began September 1, 2008 and ends on February 28, 2010. Employers should also provide each terminated employee with a copy of the attachments to this letter to fully ensure all affected individuals are fully informed.

Premium Assistance Extension Notice

The health plans will notify all individuals who were “assistance eligible individuals” as of October 31, 2009, and individuals who are in a “transition period” of the extension of the COBRA premium reduction subsidy. An individual’s “transition period” is the period that begins immediately after the end of the maximum number of months (generally nine) of premium reduction available under ARRA prior to its amendment. An individual is in a transition period only if the premium reduction provisions would continue to apply due to the extension from nine to 15 months and they otherwise remain eligible for the

premium reduction. The premium assistance extension notice will include information on the premium reduction subsidy extension from nine to 15 months and the ability to make retroactive payments for certain unpaid reduced premiums.

It should be noted the general and premium assistance extension notices do not include vision and dental coverage. If employers provide a vision or dental plan subject to COBRA, you may have additional notifications to make. State Health Benefits Officers (HBO) can contact the Department of Personnel Administration (DPA) regarding these notifications. Public Agency HBOs are encouraged to consult their legal counsel regarding other notifications.

For additional information and instructions for employer implementation, follow the instructions outlined in our previous Circular Letter #600-020-09, dated April 13, 2009. Please use the updated health plan address attachment (Attachment 2) to forward copies of the approved forms.

If you need assistance, please contact our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sincerely,

HOLLY A. FONG, Chief
Office of Employer and Member Health Services

Attachments

CalPERS COBRA ARRA Member Notification
Summary of the COBRA Premium Reduction Provisions under ARRA, as Amended
COBRA Continuation Coverage Election Form
Request for Treatment as an Assistance Eligible Individual Form
Frequently Asked Questions
Health Plan addresses