

## Frequently Asked Questions – Reduced COBRA Premiums (ARRA)

### Who is eligible for the Reduced COBRA Premiums?

An assistance eligible individual includes any qualified beneficiary who elects COBRA coverage and satisfies two additional requirements:

- The qualifying event must be a loss of group health plan coverage on account of a covered employee's involuntary termination from employment.
- The qualifying event triggering the COBRA rights must occur between September 1, 2008, and December 31, 2009, and the individual must be eligible for and elect COBRA coverage. An otherwise eligible individual is not required to elect COBRA coverage by December 31, 2009; however, the qualifying event must occur by that date.

### Is a Dependent on COBRA eligible for the reduced COBRA premium?

Assistance-eligible individuals include any qualified beneficiary associated with the relevant covered employee (such as a dependent child or a spouse, either of whom is covered immediately before the qualifying event), and these other individuals may independently elect COBRA coverage and benefit from the subsidy.

Domestic Partners and dependents added to coverage after date of termination are **not eligible** for the subsidy. (Exceptions are newborn children and newly adopted children added to coverage by qualifying event deadline.)

### Are there any income restrictions on receiving the reduced COBRA premium?

The law imposes an income threshold as an additional condition of an individual's entitlement to the premium subsidy. An individual is not entitled to benefit from the COBRA subsidy if the individual's income exceeds \$145,000 (or \$290,000 for joint filers). A reduced subsidy is available for individuals between \$125,000 and \$145,000 (or \$250,000 and \$290,000 for joint filers). The mechanism for denying the credit is imposed on the qualified beneficiaries' tax returns via a recapture tax.

### What is an involuntary termination?

A termination of employment for gross misconduct does not qualify; neither does a voluntary resignation.

### **How long does the reduced COBRA premiums last?**

An assistance-eligible individual's eligibility for the reduced COBRA premiums terminates with the first month beginning on or after the earlier of the following:

- The date that is nine months after the first day of the first month for which the subsidy applies
- The end of the maximum required period for COBRA coverage
- The date that the assistance-eligible individual becomes eligible for Medicare benefits or health coverage under another group health plan.

NOTE: Once an assistance-eligible individual is eligible for other group health plan coverage or Medicare, he or she is required to notify the group health plan, in writing, of that status. If the individual fails to provide this notice in a timely manner, the individual is liable for a penalty equal to 110 percent of the subsidy that ends up being provided after eligibility terminates.

### **I am currently enrolled in COBRA. How do I receive the reduced COBRA premium rates?**

If you are currently enrolled in COBRA and you are eligible for the subsidy, you will receive a notification from our office with further information on how to adjust your payment at the reduced COBRA rates.

If you are eligible for the reduced COBRA rates, and have already made full payment for March, your account will receive a credit for the excess payment and will be applied against subsequent premiums.

### **I am eligible for the reduced COBRA premium, but did not enroll in COBRA. How do I make an enrollment?**

If you are eligible for the reduced COBRA premium, but did not enroll in COBRA, you will receive information from our office on how to make your enrollment. In general, you will have 60 days to make your enrollment, and 45 days in which to provide payment. Your enrollment will be effective on March 1, 2009, and payment from this point forward will be expected.