

American Recovery and Reinvestment Act of 2009 (ARRA)

OVERVIEW

The American Recovery and Reinvestment Act of 2009 (ARRA) reduces the COBRA premium in some cases. You are receiving this election notice because you experienced a loss of coverage that occurred during the period that begins with September 1, 2008 and ends with December 31, 2009 and you may be eligible for the temporary premium reduction for up to nine months. The premium reduction is available to certain individuals who experience a qualifying event that is an involuntary termination of employment during the period beginning with September 1, 2008 and ending with December 31, 2009. To help determine whether you can get the ARRA premium reduction, you should read this notice and the attached documents carefully. In particular, reference the “Summary of the COBRA Premium Reduction Provisions under ARRA” with details regarding eligibility, restrictions and obligations and the “Application for Treatment as an Assistance Eligible Individual.”

FORMS TO COMPLETE AND RETURN

If you believe you meet the criteria for the premium reduction, complete the “Application for Treatment as an Assistance Eligible Individual” and return it with your completed “Application for Continuation of Benefits (COBRA)” form by the election deadline.

Your applications will be reviewed and you will be contacted if you are approved or denied as an “Assistance Eligible Individual”. If you qualify for the premium reduction, you need only pay 35 percent of the COBRA premium otherwise due to the plan. This premium reduction is available for up to nine months. If your COBRA continuation coverage lasts for more than nine months, you will be responsible to pay the full amount of your COBRA continuation coverage past the nine months of reduced COBRA rates.

If you elect continuation coverage, you must make your first payment for continuation coverage no later than 45 days after the date of your election. If you do not make your first payment for continuation coverage in full no later than 45 days after the date of your election, you will lose all continuation coverage rights under the Plan. **You are responsible for making sure that the amount of your first payment is correct.**

CONTACT INFORMATION

You may contact Vanderbilt University, COBRA Department, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700 (615.322.7181) to confirm the correct amount of your first payment or to discuss payment issues related to the ARRA premium reduction.

2009 COBRA Premium Rates

(Premium Reduced Rates – 35%)

	Individual	Individual+ Spouse	Individual+ Child(ren)	Family
Aetna Standard				
Full COBRA Rate	\$264.67	\$555.48	\$450.11	\$794.02
Reduced Rate	\$92.63	\$194.42	\$157.54	\$277.91
Aetna HealthFund				
Full COBRA Rate	\$370.81	\$778.23	\$630.63	\$1,112.42
Reduced Rate	\$129.78	\$272.38	\$220.72	\$389.35
BlueCross Advantage P				
Full COBRA Rate	\$436.23	\$915.54	\$741.89	\$1,308.71
Reduced Rate	\$152.68	\$320.44	\$259.66	\$458.05
CIGNA Dental Care (DHMO)				
Full COBRA Rate	\$10.79	\$18.36	\$22.36	\$27.76
Reduced Rate	\$3.78	\$6.43	\$7.83	\$9.72
CIGNA Dental PPO				
Full COBRA Rate	\$27.92	\$55.46	\$66.94	\$94.42
Reduced Rate	\$9.77	\$19.41	\$23.43	\$33.05
VSP				
Full COBRA Rate	\$7.63	\$12.57	\$12.82	\$20.64
Reduced Rate	\$2.67	\$4.40	\$4.50	\$7.23
HRA (formerly FRA)				
Full COBRA Rate	\$25.50			
Reduced Rate	\$8.93			



Summary of the COBRA Premium Reduction Provisions under ARRA



President Obama signed the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. The law gives “Assistance Eligible Individuals” the right to pay reduced COBRA premiums for periods of coverage beginning on or after February 17, 2009 and can last up to 9 months.

To be considered an “Assistance Eligible Individual” and get reduced premiums you:

- MUST be eligible for continuation coverage at any time during the period from September 1, 2008 through December 31, 2009 and elect the coverage;
- MUST have a continuation coverage election opportunity related to an involuntary termination of employment that occurred at some time from September 1, 2008 through December 31, 2009;
- MUST NOT be eligible for Medicare; AND
- MUST NOT be eligible for coverage under any other group health plan, such as a plan sponsored by a successor employer or a spouse’s employer.*

Individuals who experienced a qualifying event as the result of an involuntary termination of employment at any time from September 1, 2008 through February 16, 2009 and were offered, but did not elect, continuation coverage OR who elected continuation coverage and subsequently discontinued it may have the right to an additional 60-day election period.

◆ IMPORTANT ◆

- ◇ If, after you elect COBRA and while you are paying the reduced premium, you become eligible for other group health plan coverage or Medicare you MUST notify Vanderbilt in writing. If you do not, you may be subject to a tax penalty.
- ◇ Electing the premium reduction disqualifies you for the Health Coverage Tax Credit. If you are eligible for the Health Coverage Tax Credit, which could be more valuable than the premium reduction, you will have received a notification from the IRS.
- ◇ The amount of the premium reduction is recaptured for certain high income individuals. If the amount you earn for the year is more than \$125,000 (or \$250,000 for married couples filing a joint federal income tax return) all or part of the premium reduction may be recaptured by an increase in your income tax liability for the year. If you think that your income may exceed the amounts above, you may wish to consider waiving your right to the premium reduction. For more information, consult your tax preparer or visit the IRS Web page on ARRA at www.irs.gov.

For general information regarding your plan’s COBRA coverage; specific information related to your plan’s administration of the ARRA Premium Reduction; or to notify the plan of your ineligibility to continue paying reduced premiums, contact Vanderbilt University, COBRA Department, VU Station B 357700, 2301 Vanderbilt Place, Nashville, TN 37235-7700 (615.322.7181).

If you are denied treatment as an “Assistance Eligible Individual” you may have the right to have the denial reviewed. For more information regarding reviews or for general information about the ARRA Premium Reduction go to:

www.dol.gov/COBRA or call 1-866-444-EBSA (3272)

* Generally, this does not include coverage for only dental, vision, counseling, or referral services; coverage under a health flexible spending arrangement; or treatment that is furnished in an on-site medical facility maintained by the employer.