



HEFFERNAN INSURANCE BROKERS

A Member of the Heffernan Group

DATE: March 20, 2009
TO: Our Valued Client Partners & Friends
FROM: HIB Account Team
**RE: LEGISLATIVE UPDATE 2009-08
COBRA Subsidy Model Notices**

We are pleased to bring you our **Legislative Update 2009-08: COBRA Subsidy Model Notices**. Per our early communications, the Department of Labor have published model notices to be used in administrating the COBRA subsidy program implemented in the Americans Recovery and Reinvestment Act of 2009 (ARRA). The following Legislative Update provides you with information regarding these notices and Frequently Asked Questions which have been published as well.

In addition, Heffernan Insurance Brokers will be holding a series of seminars to help you understand how to administrate this new program. Please note, many questions have not yet been clarified, but employers must comply with these new regulations as of 60 days following the laws enactment, which was February 17, 2009. These webinars are designed to help you comply with the new regulations. If you are interested in attending, please e-mail Ann Marie Heffernan at annah@heffgroup.com. Space is limited, but depending on needs we will try to accommodate all our client partners and friends. The following are the scheduled webinar dates and times:

COBRA Management Services Clients

- Friday, March 27th @ 11:00 a.m.
- Friday, April 3rd @ 11:00 a.m.

All Others

- Wednesday, March 25th @ 3:00 p.m.
- Wednesday, April 1st @ 11:00 a.m.
- Thursday, April 2nd @ 2:00 p.m.

In the meantime, we hope you find this informative, and please, if you have any questions, contact your HIB Account Team for assistance.

COBRA SUBSIDY MODEL NOTICES

This morning, the Department of Labor (DOL) published model notices for use by employers to notify individuals regarding their potential right to qualify for COBRA premium assistance. Employer/Plan Sponsors must provide one of the four model notices to each individual whose coverage terminated, regardless of the type of qualifying event, at any time from September 1, 2008 to present within 60 days from the date of enactment (February 17, 2009) of the Americans Recovery and Reinvestment Act of 2009 (ARRA). The DOL calculates this deadline date to be **April 18, 2009**.

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DISCUSSION

1. **Where to Obtain the Notices.** Please visit the DOL website or our website to obtain copies of the model notices.

www.dol.gov/ebsa/COBRAmodeInotice.html

or

www.abferisa.com

2. **Expanded to All Qualifying Events.** The DOL has interpreted the ARRA COBRA premium assistance provisions to require employers to notify all individuals who underwent or will undergo a COBRA Qualifying Event on or after September 1, 2009 through December 31, 2009. In fact, only those individuals who underwent an involuntary termination will be eligible for premium assistance; however, employers must send the notice to all Qualified Beneficiaries regardless of their Qualifying Event.
3. **Which Notice to Send.** The DOL provided four model notice to cover four different classes of Qualifying Beneficiaries:

Notice Type	Recipient
<u>General Notice: Full Version (13 pages)</u> . Includes information on premium reduction as well as information required in the regular COBRA Election Notice.	All Qualified Beneficiaries experiencing a Qualifying Event who have yet to elect COBRA.
<u>General Notice: Abbreviated Version (8 pages)</u> . Includes information on premium reduction.	All Qualified Beneficiaries who have already elected COBRA coverage and still have it.
<u>Alternative Notice (12 pages)</u> . Insurance issuers must send this notice for continuation under state law.	Small group state law based COBRA Qualified Beneficiaries.
<u>Notice in Connection with Extended Election Periods (12 pages)</u> . Information on ARRA's additional election opportunity as well as premium reduction.	COBRA eligible individuals who have undergone an involuntary termination. Qualifying Event occurred between September 1, 2008 and February 16, 2009, who either did not elect COBRA or elected it and stopped paying premiums.

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We will provide more details in our next Update, scheduled for Monday, March 23, 2009. In the meantime, the DOL has just published additional FAQs:

For employers: www.dol.gov/ebsa/faqs/faq_compliance_cobra.html

For employees: www.dol.gov/ebsa/faqs/faq_consumer_cobra.html

Additional information can be found their website at www.dol.gov/ebsa/cobra.html. We have also placed them on our website at www.abferisa.com.

To access archived Legislative Updates please log into www.heffgroup.com and clicking on the link for HIB Client Community. If you need information on your Username and Password please contact your HIB Account Team.

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mike@abferisa.com

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