



Employer *Bulletin*

Employer Communication Center (608) 264-7900 Toll free: 1-888-681-3952 <http://etf.wi.gov>

COBRA Subsidy Extended Again

The Federal Temporary Extension Act of 2010 (Act), signed into law on March 2, 2010, extends the eligibility period for the premium subsidy for coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) that is provided under the American Recovery and Reinvestment Act of 2009 (ARRA) as amended by the Federal Department of Defense Appropriations Act, 2010. For information on ARRA, refer to the *Employer Bulletins* issued on March 31, 2009 and February 5, 2010.

Notable changes provided under the Act include:

- The time period in which the qualifying event (i.e., involuntary termination) must occur has been extended from February 28, 2010, to March 31, 2010.
- An involuntary termination of employment that occurs on or after March 2, 2010, but by March 31, 2010, and follows a qualifying event that was a reduction of hours that occurred at any time from September 1, 2008 through March 31, 2010, is also a qualifying event for purposes of ARRA.
- There is a new election period for individuals who did not make (or who made and discontinued) an election of COBRA coverage on the basis of the reduction of hours of employment who later have an involuntary termination of employment that occurs on or after March 2, 2010, but by March 31, 2010. The period of COBRA coverage is determined as though the qualifying event was the reduction of hours of employment although the COBRA coverage is available from the qualifying event of the involuntary termination of employment. Any break in coverage between the reduction in hours and the involuntary termination will not be treated as a “break in coverage” for HIPAA portability coverage.
- Plan sponsors or health insurers are subject to a penalty of up to \$110 per day for failure to implement the Federal Secretary of Health and Human Services’ determination within 10 days after receiving notice of the determination.

As described below, employers are required to provide notice to certain individuals regarding ARRA, as amended by the Act. The Department of Employee Trust Funds (ETF) will be updating a notice to meet these requirements and will have the notice available on ETF’s Internet site, under the Employer Menu. Note that you will need to fill-in information in the notice and print the first page on your letterhead before issuing. Pursuant to the Act, you must issue this notice to:

- All qualified beneficiaries (not just covered employees) who experienced a qualifying event at any time from September 1, 2008 through March 31, 2010, regardless of the type of qualifying event, and who have not yet been provided an election notice.

- Individuals who did not make (or who made and discontinued) an election of COBRA on the basis of the reduction of hours of employment who have an involuntary termination of employment that occurs on or after March 2, 2010 but by March 31, 2010. Notice must be provided during the 60-day period beginning on the date of such individual's involuntary termination of employment and describe the new election period.

Note that Federal legislation has been introduced to extend the COBRA premium subsidy for involuntarily terminated workers through December 31, 2010. ETF will continue to alert employers of COBRA premium subsidy extensions and changes through *Employer Bulletins*.

For more information about COBRA, please refer to the United States Department of Labor web site at www.dol.gov/COBRA, including FAQs on the premium reduction extension

For questions regarding this *Employer Bulletin*, please contact the Employer Communication Center at (608) 264-7900, toll free at (888) 681-3952 or via e-mail at etf.descomm@etf.state.wi.us.

The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services, or employment. If you are speech, hearing or visually impaired and need assistance, call the Wisconsin Relay Service at 7-1-1 or 1-800-947-3529 (English) 1-800-833-7813 (Español). We will try to find another way to get the information to you in a usable form.

This *Employer Bulletin* is published by the Wisconsin Department of Employee Trust Funds. Questions should be directed to contact persons listed in the Bulletin, or to the Division of Retirement Services (DRS). Call Jean Gilding, DRS Administrator, at (608) 266-1210. Employer agents may copy this Bulletin for further distribution to other payroll offices, subunits or individuals who may need the information. Copies of the most recent Employer Bulletins are available on our Internet site at the following URL: <http://etf.wi.gov/employers.htm>

Wisconsin Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931
<http://etf.wi.gov>.