


PA Mini-COBRA


- Applies to PA employers with 2-19 employees.
- Effective for qualifying events occurring on or after July 10, 2009.
- Continuation coverage lasts for up to 9 months.
- Applies to health insurance
 - Does not include dental-only or vision-only plans, FSAs, HSAs, HRAs, or specific or limited benefit plans



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PA Mini-COBRA


- Eligibility Requirements
 - Employee/dependents must have been covered by the plan for 3 months.
 - Eligible dependent is anyone covered under the plan as the employee's spouse or dependent child.
 - Employee/dependents are not eligible if
 - They are eligible for coverage under Medicare
 - They are eligible for coverage under any other group health plan.
 - Dependents must be spouse or child; does not apply to domestic partners



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PA Mini-COBRA


- Qualifying Events
 - Death of a covered employee
 - Termination, other than gross misconduct
 - Reduction of hours
 - Divorce or legal separation
 - Entitlement to Medicare
 - Losing status as a dependent child



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PA Mini-COBRA


- Notification Requirements
 - Initial notice to plan participants within 45 days.
 - Employer must notify employee and insurer of a qualifying event within 30 days of the qualifying event.
 - Employee/dependent must notify employer of election within 30 days of the qualifying event notice.
 - Employer must notify insurer of election within 14 days.



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PA Mini-COBRA


- Payment
 - Employee/dependent must make premium payments to employer monthly.
 - Employer may charge up to 105% of total premium.
 - Initial payment



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PA Mini-COBRA


- Coverage terminates when:
 - Employee/dependent stops meeting eligibility requirements. The individual must notify employer within 14 days.
 - 9 months of eligibility end.
 - Payments are not made.
 - Group policy is terminated.



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NJ Continuation


- Applies to NJ employers with 2-19 employees.
- Continuation coverage lasts for up to 18 months, 29 months or 36 months in certain cases.
- Employer may charge up to 102% of the total premium.
- Unlike PA Mini-COBRA and federal COBRA, it does apply to domestic partners and civil union partners.



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ARRA Premium Subsidy

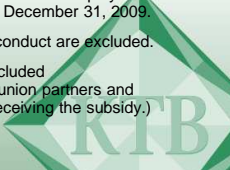
- Provides for a government-funded premium assistance equal to 65% of the total COBRA premium, including the administrative fee, for certain qualified eligible COBRA beneficiaries for up to 9 months.
- PA Mini-COBRA and NJ Continuation: Employers are required to comply with ARRA provisions. ARRA requires the carriers to pay the 65% of the continuation premium.
- Only applies to involuntary termination of employments other than for gross misconduct- not applicable for other qualifying events.



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ARRA Premium Subsidy

- Subsidy only available to Assistance Eligible Individual (AEI).
- AEI is any qualified beneficiary entitled to COBRA coverage due to the covered employee's involuntary termination of employment between September 1, 2008 and December 31, 2009.
- For PA Mini-COBRA, involuntary termination of employment must occur between July 10, 2009 and December 31, 2009.
- Involuntary terminations for Gross Misconduct are excluded.
- The AEI's qualified beneficiaries are included (spouse/dependent children only- civil union partners and domestic partners are excluded from receiving the subsidy.)



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ARRA Premium Subsidy

- If the carrier does not provide the 65% subsidy, employer must provide the subsidy.
- Employer will then receive the subsidy amounts paid as a credit to its federal payroll taxes.
- Credit is claimed on Form 941 of the Quarterly Tax filing, lines 12a and 12b.
- Supporting documentation must be retained by the employer.

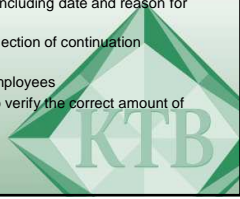
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ARRA Premium Subsidy

- Documentation to retain
 - Information on the receipt, including dates and amounts, of the AEI's 35% payments
 - Copies of the carrier invoices, employers payment of the full premiums and proof of coverage provided to the AEI
 - For self-insured plans, proof of the premium amount and proof of the coverage provided to the AEI.
 - Attestation of involuntary termination, including date and reason for the termination.
 - Proof of each AEI's eligibility for and election of continuation coverage.
 - A record of the SSNs of all covered employees
 - Any other documentation necessary to verify the correct amount of reimbursement

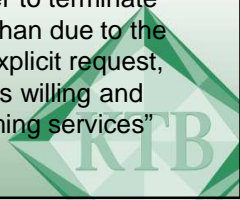
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ARRA Premium Subsidy


- An involuntary termination means a severance from employment "due to the independent exercise of the unilateral authority of the employer to terminate the employment, other than due to the employee's implicit or explicit request, where the employee was willing and able to continue performing services"

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ARRA Premium Subsidy


- Involuntary Termination of employment includes:
 - Performance based terminations
 - Terminations resulting from lay-offs
 - Position eliminations
 - Reduction in force
 - An employee's voluntary resignation under circumstances indicating that his or her services would otherwise be terminated by the employer.
 - Employee-initiated termination if it is a termination for good reason due to employer action that causes a material negative change in the employment relationship for the employee.



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ARRA Premium Subsidy


- Involuntary termination cont.
 - Terminations under severance packages which employers may have characterized as voluntary would actually be involuntary for subsidy purposes such as if an employee elects to be terminated in return for a severance package, early retirement or a buy-out where the employer indicates that after the offer period for the severance package, a certain number of remaining employees in the employee's group will be terminated.



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ARRA Premium Subsidy

- Severance Arrangements or Employer Paid Premiums
 - No subsidy for premiums employers pays on behalf of the AEI
 - No subsidy if employer pays 100% of the premiums
 - If the employer pays a portion of the premiums, the subsidy applies to the portion the AEI is responsible



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ARRA Premium Subsidy

- Recapture for higher income individuals
 - Income over \$125,000 (\$250,000 joint) have subsidy recaptured when filing annual personal tax forms.
 - Phase in of recapture between \$125,000 and \$145,000 (\$290,000 for a joint return)

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ARRA Premium Subsidy

- End of the COBRA continuation of subsidy period for AEIs is the earlier of:
 - The first date on which an AEI is eligible for any other group health plan, including Medicare
 - Excludes FSA, non-health benefits or employer on-site medical facility
 - The end of the subsidy period (9 months)
 - The end of the continuation eligibility period
 - Cancellation for non-payment

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ARRA Premium Subsidy

- If premium amount is greater than the payroll tax liability, employer can receive credit or refund as overpayment of payroll taxes
- Overstatement of the amount reimbursed treated as underpayment of payroll taxes; employer assessed penalty which will be collected
- Employer usually the entity that is reimbursed for federal COBRA
- Carriers may be responsible entity under 'mini-COBRA' coverages in many states

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ARRA Premium Subsidy

- Employers may allow an AEI to elect an alternate coverage option for which the premium is equal to or less than the AEI's pre-termination election.
 - Premium must be same or less than prior coverage
 - Same plan coverage is offered to active employees



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ARRA Premium Subsidy

- Compliance and Enforcement
 - IRS Penalty to Individual
 - If eligible for other group health plan coverage while in receipt of subsidy, an individual shall pay a penalty of 110% of the premium reduction received once no longer an AEI
 - If eligible individual exceeds income limits, that individual shall pay a penalty of 125% of the premium reduction received.



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ARRA Premium Subsidy

- Appeal Process- What happens if an individual requests premium assistance and the Plan denies the request?
 - For PA Mini-COBRA and NJ Continuation Coverage, employee may appeal to Centers for Medicare & Medicaid Services at www.continuationcoverage.net or call 1-866-400-6689
 - For federal COBRA, employee may appeal to the DOL at www.dol.gov/COBRA or call 1-866-444-EBSA
 - Decisions made within 15 business days after receipt of application for review
 - Review shall be final



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ARRA Premium Subsidy

Who pays what: Not Subsidy-Eligible

Monthly premium	\$1000.00
5% administrative fee	\$50.00
Total premium the participant sends to employer each month	\$1050.00
Total premium employer sends to carrier each month	\$1000.00

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ARRA Premium Subsidy

Who pays what: Subsidy-Eligible

Monthly premium	\$1000.00
5% administrative fee	\$50.00
Total premium	\$1050.00
35% of total premium participant is required to send employer each month	\$367.50
65% of total premium employer/carrier may claim as reimbursement from payroll taxes	\$682.50

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Dependent Coverage


States WITH dependent coverage expansion laws:

- Colorado
- Delaware
- Florida
- Georgia
- Idaho
- Illinois
- Indiana
- Iowa
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Montana
- Nevada
- New Hampshire
- New Jersey
- New Mexico
- North Dakota
- Oklahoma
- Pennsylvania
- Rhode Island
- South Carolina
- South Dakota
- Tennessee
- Texas
- Utah
- Washington
- West Virginia
- Wyoming

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PA Dependent to Age 30


- Allows adults up to age 30, under certain conditions, to remain covered by their parents' health insurance.
- Eligible children are:
 - Unmarried
 - Have no dependents
 - Are residents of PA or enrolled as full-time students at an institution of higher education
 - Are not provided private insurance coverage or enrolled in, or eligible for, government benefits



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PA Dependent to Age 30

- Effective as plans renew on or after December 7, 2009.
- Expansion of coverage at the discretion of the employer.
- Employers may raise premiums to cover the cost of extending coverage.




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PA Dependent to Age 30

Eligible Coverage:

- Applies to group health plans purchased by employers from commercial health insurers and health maintenance organizations. Self-funded plans are excluded.
- Applies to medical benefits only.
- Not applicable for dental, vision or other limited benefit plans.



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NJ Dependent to Age 31

- Allows adults to continue coverage under a parent's group health plan when 'aging-out' of that parent's coverage or later, so long as the young adult has had coverage at some time in the past.
- Eligible coverage must be through a group health plan issued in NJ and must allow for enrollment of dependents.
- Unlike PA's law, NJ also requires that the parents:
 - Must be covered under the employer's group health plan subject to the law.
 - Must provide coverage for all family members who meet the definition of a dependent under the plan, or must have waived coverage for a dependent because that dependent is covered under another group health plan or government-sponsored plan.

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KT B Resources

- Questions?
- Additional resources:
 - Appeal forms for ARRA premium subsidy
 - New 941 form
 - ARRA Information
 - COBRA, PA Mini-COBRA and NJ Continuation notices
 - All available on www.ktbenefits.com
 - KTB Human Resources Call Center
 - 1-866-KTBServ prompt #3

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Consulting Services

Customized Human Resources Projects and Consulting Services performed by HR professionals.

- Handbook Development
- Human Resources Administration
- Policy Design and Implementation
- Affirmative Action Plan
- Organizational Development Programs
- On-site Training Programs
- Performance Management Solutions

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