



SPECIAL BULLETIN

DOL Clarifies Proper Recipients of Model COBRA Premium Subsidy Notices

As part of the evolving guidance on the COBRA premium subsidy notices required under the *American Recovery and Reinvestment Act (ARRA)*, the Department of Labor (DOL) has clarified who is to receive the model notice referred to as the General Notice (Full Version). An interesting article highlighting some of the inconsistencies in COBRA guidance prior to this recent DOL clarification is available at: http://www.theworkplace.biz/COBRA_confusing_guidance_stimulus_nf.html or by "[clicking here](#)".

In *Client Bulletin 2009-20* we stated that:

"Plans subject to the Federal COBRA provisions must send the General Notice to all qualified beneficiaries, not just covered employees, who experienced a qualifying event at any time from September 1, 2008 through December 31, 2009, regardless of the type of qualifying event."

The updated DOL COBRA Premium Subsidy webpage located at <http://www.dol.gov/ebsa/COBRAmodeInotice.html> added the items listed after the "AND" below *and* now indicates that the General Notice (Full Version) should go "to all **qualified beneficiaries**, not just covered employees, who:

- experienced a qualifying event at any time from September 1, 2008 through December 31, 2009, *regardless of the type of qualifying event,*

AND

- who either have *not yet been provided an election notice, or*
- who were *provided an election notice on or after February 17, 2009 that did not include the additional information required by ARRA."*

The above statement is directly from the DOL webpage. We have modified the DOL's statement to clearly break out the conditions that determine who receives this Notice. The other Model Notices still go to the same recipients, as is reiterated

below. Information on the Notice to be issued by insurers is omitted below but can be found at <http://www.dol.gov/ebsa/COBRAmodeInotice.html>.

General Notice (Abbreviated Version)

Individuals who experienced a qualifying event at any time from September 1, 2008 to February 16, 2009 and who have already been provided with an election notice on or before February 16, 2009 should be given the Abbreviated Version.

Notice in Connection with Extended Election Periods

Similarly, the individuals who would receive the Notice in Connection with Extended Election Periods remain the same. This Notice should be sent to any **Assistance Eligible Individual** (or any individual who would be an Assistance Eligible Individual if a COBRA continuation election was in effect) who:

- had a *qualifying event* at any time from September 1, 2008 through February 16, 2009; and
- either *did not elect* COBRA continuation coverage, or elected it but subsequently *discontinued* COBRA.

In general, an "Assistance Eligible Individual" is an individual who is eligible for COBRA continuation coverage as a result of an involuntary termination of employment at any time from September 1, 2008 through December 31, 2009; and who elects COBRA coverage (when first offered or during the additional election period). This Notice includes information on *ARRA's* additional election opportunity, as well as premium reduction information. **This Notice must be provided by April 18, 2009.**

Although there is not any required distribution date for the General Notice (Abbreviated Version) plans would do well to get this Notice out concurrently with the Notice in Connection with Extended Election Periods. The General Notice (Full Version) will essentially be used for all qualifying events on or after February 17, 2009, as noted in detail above.

The DOL Webcast on the COBRA Premium Subsidy and IRS News

As noted in *Benefit News Briefs 2009-21*, a DOL webcast was held today, Tuesday March 24, 2009, and confirmed the above use of the Notices. The Slideshow used in the webcast is available by "[clicking here.](#)" The IRS speakers indicated that the IRS has additional guidance "in clearance" that is expected to be released within the next week or so. An archive of the webcast will be posted on the <http://www.dol.gov/ebsa/COBRA.html> webpage by March 26 and another webcast will be scheduled soon. The webcast had over 4,000 people logged in and well over 1,000 questions were emailed in.

The IRS has reformatted and posted some additional Q&As on its website at <http://www.irs.gov/newsroom/article/0,,id=204708,00.html>, a copy with a Table of Contents is available by "[clicking here.](#)"

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