The COBRA Stimulus Plan: What you need to know

1 **Premium reduction** ~ A 65-percent premium reduction for COBRA continuation coverage is available to "assistance eligible individuals." These individuals include employees, or members of the employee's family, who are:

- eligible for COBRA continuation coverage any time between September 1, 2008, and December 31, 2009;
- elect COBRA coverage; and
- eligible for COBRA as a result of the employee's involuntary termination between September 1, 2008, and December 31, 2009.

Those individuals pay only 35 percent of their COBRA premiums. The remaining 65 percent is reimbursed to the coverage provider or employer through a tax credit. The premium reduction applies to periods of health coverage beginning on, or after, February 17, 2009, and lasts for up to nine months. If an individual is eligible for a full 18 months of COBRA coverage, he or she is responsible for paying the full, unsubsidized premium for the remaining nine months, including any covered months before the premium assistance begins.

2 **A second chance to enroll** ~ The COBRA stimulus plan offers recently unemployed people another opportunity to enroll into the COBRA plan, even if they had declined coverage in the past.

If you declined COBRA coverage after September 1, 2008 and before February 17, 2009, you will have a second chance to enroll in COBRA and take advantage of the nine-month, subsidized premium - as long as you meet the qualifications outlined above.

Notices of the COBRA subsidies and new enrollment information will be sent from the COBRA administrator (usually your previous employer). If you are eligible for the COBRA premium assistance, the 35 percent payment of the premium will be accepted as payment in-full.

COBRA is a federal law that generally requires group health plans, sponsored by employers with 20 or more employees, to offer workers and their families the opportunity to temporarily extend their health insurance coverage.

The COBRA stimulus plan is designed to help struggling families and individuals trying to pay their COBRA benefits.

Consumers who have questions or are seeking additional information about COBRA should contact:

U.S. Department of Labor, Benefits Advisors Section at

www.dol.gov/COBRA

Toll-free:
866.444.EBSA (3272)

Locally:
215.861.5300

pennsylvania
INSURANCE DEPARTMENT

Important information about the COBRA subsidy ~

- If you have voluntarily quit your job, or retired, you are not eligible for premium assistance.
- If your former employer is no longer in business, there is no COBRA coverage unless a successor to your employer provides it.
- If your income for the year is too high, you will have to repay all or some of any premium assistance you receive. For those whose income for the tax year in which the premium assistance is received is more than $145,000 (or up to $290,000 for a couple), the amount of the premium reduction during the tax year must be repaid. For those with income between $125,000 and $145,000 (or $250,000 and $290,000 for couples), the amount of the premium reduction that must be repaid is reduced proportionately. You may waive premium assistance to avoid this repayment responsibility.
- If you are eligible for other group health coverage (such as a spouse's plan or Medicare), you are not eligible for the COBRA premium subsidy.
- If you become eligible for other group health coverage while on COBRA and getting premium assistance, you **must** notify your prior group health plan to get off the COBRA plan, because other coverage is available to you. If you don't, you may be required to pay back the excess premium assistance, plus a 10 percent penalty.
- If you are eligible for the Health Coverage Tax Credit, HCTC, you should contact the HCTC Customer Contact Center to help you decide which benefit you should take – you have to choose one or the other. The HCTC numbers are: Toll-free – 1.866.628.4282, TTY/TDD– 1.866.626.4282.

Still have questions? Contact the Pennsylvania Insurance Department.

- Toll-free, automated consumer hotline: 877.881.6388
- Consumer Services:

Harrisburg: 717.787.2317 TTY/TDD: 717.783.3898
Philadelphia: 215.560.2630 TTY/TDD: 215.560.2471

www.insurance.pa.gov • www.HereToHelp.PA.gov

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