

**Register Now For
March 11, 2009
Health Plan
Update
Teleconference**

**STIMULUS BILL
COBRA HIGHLIGHTS**

- ✓ **COBRA Rule Changes Effective February 17, 2009**
- ✓ **Updated COBRA Notices & Plan Rules Required**
- ✓ **COBRA Premium Reduction/Invoice Changes Required For Some COBRA Enrollees As Early As March 1, 2009**
- ✓ **Special Notifications To Affected COBRA Beneficiaries and Other Newly COBRA Eligible Employees Required**
- ✓ **Some Qualified Beneficiaries Get 2nd Chance To Elect COBRA**
- ✓ **Delay Providing Special Notification Extends 2nd Election Period For Assistance Eligible Individuals**
- ✓ **Assistance Eligible Individuals May Get 90 Days To Elect Cheaper Plan Option**
- ✓ **Consider Need For Other Group Health Plan Updates In Light of Other Recent Law Changes**

Stimulus Bill COBRA Amendments Require Immediate Group Health Plan Action

The American Recovery and Reinvestment Act of 2009 (the “Stimulus Bill”) expanded the group health plan coverage continuation obligations applicable to group health plans covered by the Consolidated Omnibus Budget Reconciliation Act (COBRA) effective February 17, 2009. A series of complicated temporary COBRA mandates became immediately effective when President Obama signed the Stimulus Bill into law.

The latest in a series of recent changes to federal group Health Plan requirements, the COBRA Amendments enacted under the Stimulus Bill require that employers and other group health plan sponsors, their insurers and administrators act immediately to comply with a series of special temporary mandates applicable to “assistance eligible individuals.” The changes require group health plans to reduce COBRA premiums for those COBRA enrollees that qualify as assistance eligible individuals beginning March 1, 2009.

Highlights of the new COBRA mandates affecting group health plans enacted as part of the Stimulus Bill include the following:

- The maximum COBRA premium that a group health plan can charge an assistance eligible individual for COBRA coverage is limited to 35 percent of the otherwise applicable COBRA premium for a period of up to 9 months beginning with the first coverage period after February 17, 2009.
- Group health plans must notify assistance eligible individuals of the availability of the COBRA premium subsidy and other special COBRA rights granted under the Stimulus Bill. Although regulators are required to publish a model notice for this purpose by April 15, 2009, many group health plan sponsors and administrators will want to provide required notification before then as delay in notification will extend the period that assistance eligible individuals have to elect COBRA coverage.
- Group health plans must offer assistance eligible individuals who previously did not elect COBRA coverage before February 17, 2009 a second chance to enroll in COBRA coverage within the 60-day period beginning on the date the group health plan provides the required notice of the Stimulus Bill COBRA rights. COBRA coverage for assistance eligible individuals making these second chance elections must begin with the first period of coverage beginning after February 16, 2009 (March 1, 2009 for most plans).
- Group health plans offering participants different coverage options must allow assistance eligible individuals the opportunity for up to 90 days to change their coverage election to elect a lower cost coverage option.

(continued on page 2)

Stimulus Bill COBRA Changes (cont.)

An assistance eligible individual generally is a COBRA “qualified beneficiary” who meets all of the following requirements:

- Is eligible for COBRA continuation coverage at any time during the period beginning September 1, 2008 and ending December 31, 2009;
- Elects COBRA coverage (when first offered or during the additional election period), and
- Has a qualifying event for COBRA coverage that is the employee’s involuntary termination during the period beginning September 1, 2008 and ending December 31, 2009.

Those who are eligible for other group health coverage (such as a spouse's plan) or Medicare are not eligible for the premium reduction. Other limitations may also apply. There is no premium reduction for periods of coverage that began prior to February 17, 2009.

To help offset added costs for providing the COBRA premium discount for assistance eligible individuals, the Stimulus Bill also allows employers to seek to recoup COBRA premiums paid by the employer to maintain COBRA coverage for assistance eligible individuals in excess of reduced COBRA premium amounts paid by assistance eligible individuals by filing the necessary claims and reports to qualify to claim a payroll tax credit equal to those additional amounts. This payroll tax credit is the mechanism through which Congress sought under the Stimulus Bill to subsidize temporarily 65% of the COBRA premiums of assistance eligible individuals. Employers also must provide timely notification when eligibility for premium subsidy payroll tax credit ends.

In addition to these special COBRA Rules for assistance eligible individuals, the Stimulus Bill also extends COBRA benefits for certain employees and dependents whose qualifying event is a reduction in hours or termination of employment where either:

- The employee is eligible for certain Trade Adjustment Assistance; or
- The covered employee had a non-forfeitable right to a benefit under a defined benefit plan which will be paid by the Pension Benefit Guaranty Corporation (PBGC) .

The COBRA amendments in the Stimulus Bill are the latest list in a series of new laws and regulations requiring changes in health plan rules, notices, administrative forms and practices. Some of these include new requirements to grant certain military related medical leaves under the Family and Medical Leave Act (“FMLA”) and recently effective final FMLA regulations; new premium subsidy and other federal laws affecting the eligibility and enrollment rights of certain individuals to be covered by qualifying State unemployment, Medicaid or the Children’s Health Insurance Program (CHIP) premium subsidy programs, changes to nondiscrimination rules enacted under the Genetic Information Nondiscrimination Act of 2008 and amendments to the Americans With Disabilities Act, and expanded mental health parity mandates. Most employers and other group health plan sponsors, their insurers, fiduciaries and administrators will want to review and update their group health plan documents, summary plan descriptions, policies, forms, notices and practices to respond to these and other recent changes to federal health plan rules.

If you need help complying with these rules or have questions, call Cynthia Marcotte Stamer at 972.419.7188.

**MARCH 11
HEALTH PLAN
UPDATE
TELECONFERENCE**

Employers and plan sponsors, plan administrators and other fiduciaries, and others interested in learning more about the Stimulus Bill amendments to COBRA and other recent changes to federal Health Plan mandates are invited to participate in the “2009 Health Plan Update Teleconference” on March 11, 2009 from noon to 2:00 p.m. Central Daylight Time. The cost is \$75 per registrant.

**Register now
at CynthiaStamer.com**

About Cynthia Marcotte Stamer

Board Certified in Labor & Employment Law, recognized in the International Who's Who of Professionals and bearing the Martindale Hubble AV-Rating, Cynthia Marcotte Stamer is a highly regarded legal advisor and consultant, author and speaker known for her more than 20 years experience advising and representing private and public employers and other plan sponsors, fiduciaries, administrators, insurers, and others to design, document, investigate and administer, and defend employment, employee benefit plan, insurance and financial services arrangements, and technologies and processes, their use, and administration.

The Immediate Past Chair of the American Bar Association (ABA) Health Law Section's Managed Care and Insurance Interest Group, Ms. Stamer also has a lengthy resume of service to numerous professional and civic organizations. She presently serves as Vice Chair of the ABA Real Property, Probate & Trust Section Employee Benefits & Compensation Group, a ABA Joint Committee on Employee Benefits Representative, and a member of the IRS TEGE Council.

A widely published author and popular speaker, Ms. Stamer is the hundreds of employee benefits related publications including the “Healthcare Eligibility Toolkit,” a manual of sample forms and procedures for administering group health plans in response to commonly applicable federal health plan eligibility mandates. Ms. Stamer regularly authors materials and conducts workshops, professional, management and other training for a wide range of clients, professional and civic organizations and others on these and other matters including the American Bar Association, Aspen Publishers, the Bureau of National Affairs (BNA), the American Health Lawyers Association, SHRM, World At Work, Government Institutes, Inc., HR Resource and many others. She also regularly serves on the faculty and planning committees of a multitude of symposium and other faculties. For more information, see CynthiaStamer.com.

Ms. Stamer's insights on employee benefits, human resources, insurance and related matters also have been quoted in The Wall Street Journal, various BNA and Aspen Publishing publications, the Dallas Morning News, Spencer Publications, Health Leaders, Business Insurance, the Dallas and Houston Business Journals and a host of other publications.

For more details about Ms. Stamer's experience, presentations, publications, involvements and other credentials, to inquire about engaging Ms. Stamer as legal counsel on a matter, to make a presentation to your organization, or to access information about upcoming and prior publications, workshops and other training, selected publications and other human resources related information, see CynthiaStamer.com or contact Ms. Stamer via telephone at 972.419.7188 or via e-mail at cstamer@solutionslawyer.net.

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2009 Health Plan Update Teleconference

March 11, 2009

1:00 p.m. Eastern ~ Noon Central ~ 10:00 a.m. Pacific

Catch Up On Latest About:

- HIPAA Special Enrollment Rules Including Recent Amendments
- New COBRA Mandates
- FMLA Leave Mandates Including Military Leave Related Requirements
- USERRA Military Leave Mandates
- HIPAA, GINA, ADA & Other Nondiscrimination Requirements
- 125 Plan Implications
- New Rules Allowing States to Provide Premium Subsidies For Medicaid, CHIP & Unemployment Compensation Recipients To Participate In Employer Plans
- Question & Answers Session
- Information About Health Care Eligibility Toolkit Form Set
- More

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PAYMENT INFORMATION

I acknowledge and agree that the participation of any registrant named in this registration is conditional upon the receipt of Cynthia Marcotte Stamer, P.C. of the applicable registration fee for each registrant of \$75.00. I hereby make payment as follows:

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