

HUMAN RESOURCES MEMORANDUM 09-022	DATE ISSUED: 09/02/2009
SUBJECT: COBRA Premium Subsidy for Healthcare	REFERENCE: None
TO: Personnel Liaisons; Attendance Clerks; Personnel Specialists	SUPERCEDES: None

PLEASE ENSURE THAT THIS INFORMATION IS SHARED WITH YOUR EMPLOYEES

Purpose

The purpose of this Human Resource Memorandum is to provide information regarding the modifications to the provisions of COBRA.

Modifications to the provisions of COBRA

The American Recovery and Reinvestment Act of 2009 (ARRA) modified COBRA entitlements to reduce the cost of continuation of health care for specified individuals who lost group health care coverage due to an involuntary loss of employment.

ARRA Provisions

The ARRA provides the following:

- Specified former CalPERS health members who lost coverage due to involuntary loss of employment (for reasons other than gross misconduct) on or after September 1, 2008.
 - An opportunity for member premium cost reduction
 - An additional COBRA continuation coverage election opportunity for health benefits
- A reduction in premium cost to the member
 - Eligible individuals pay only 35 percent of the COBRA health premium
 - Employers subsidize the remaining 65 percent of COBRA health premium
 - Employers recover this cost through their federal payroll tax payment
- The subsidy is only available for 9 months of COBRA coverage and is available for use on premium payments for coverage on or after March 1, 2009.

COBRA Notifications

CalPERS has notified all individuals who had a COBRA qualifying event on or after September 1, 2008 and provided them with the formal notification.

*Note: notifications did not include vision and dental coverage.

Involuntary Terminations

An involuntary termination of employment is any termination of employment that is not due to "gross misconduct". All involuntary terminations of employment that occur between September 1, 2008 and December 31, 2009 may be eligible for the COBRA subsidy.

Domestic Partners and Same-Sex Marriages Eligibility

If the former employee meets the qualifications for the premium reduction, then all family members who are qualified COBRA beneficiaries are eligible as well. However, due to federal regulations, domestic partners and same-sex spouses may not be eligible for the premium reduction because the employers' ability to recover the subsidy payment relies upon an offset of that employer's federal payroll taxes.

Enrollment into COBRA Subsidy

The enrollee must continue the same coverage which he or she had as an employee. The qualifying event date is the date the employee was involuntarily terminated from employment. The ARRA does not extend the period of COBRA continuation coverage beyond the original maximum required period (generally 18 months after the qualifying event).

Questions

If you have any questions, please contact your personnel specialist.

/s/

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