

Important Information about the American Recovery and Reinvestment Act (ARRA) COBRA Coverage

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for premium reductions and additional election opportunities for health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Eligible individuals only pay 35 percent of their standard COBRA premium and the remaining 65 percent is reimbursed by the former employer through a federal payroll tax credit.

COBRA SUBSIDY EXTENSION APPROVED

President Obama recently signed the Department of Defense Appropriations Act that includes a provision extending the COBRA premium assistance program established under ARRA.

MEDCOM FEE FOR ADDITIONAL SERVICES

After reviewing our extra contractual responsibilities and expenses in order to meet all of the requirements of ARRA, we will be charging a nominal fee of \$5.00 per notice to offset some of the additional programming, processing and postage costs to us as a result of this legislation. The fee will apply to each additional notice that we send out between the enactment date of December 19, 2009 under the Department of Defense Appropriations Act and February 17, 2010.

MEDCOM HAS ALREADY STARTED PERFORMING THE FOLLOWING DUTIES ON YOUR BEHALF:

- ❖ Identifying all qualified beneficiaries who experienced a qualifying event at any time from September 1, 2008 through February 28, 2010, regardless of the type of qualifying event. Determining if those persons have been provided a COBRA election notice and a general notice about the subsidy.
- ❖ Identifying those individuals who must be provided a Premium Assistance Extension Notice, including individuals who are entitled to a notice of their right to elect COBRA retroactively and individuals who are or were in a "transition period."
- ❖ Tailoring the COBRA Model Notices to meet the administrative procedures and other requirements of the group health plan. Keep in mind that because continuation coverage requirements vary among states, the Updated Alternative Notice should be modified as necessary to conform to the applicable State law.
- ❖ Medcom will complete all facets of the required COBRA subsidy processing for your account prior to the statutory deadline of February 17, 2010.

WE STRONGLY RECOMMEND THAT YOU PERFORM THE FOLLOWING EVALUATIONS:

- ❖ Review your severance policy for COBRA implications.
- ❖ Update your employee handbook and/or other company policies concerning COBRA to provide notice of the subsidy extension.
- ❖ Determine whether any updates to your plan documents are necessary.

QUESTIONS?

If you have any questions regarding the applicability of the COBRA premium reimbursement, please contact your legal advisor. If you have any other questions, contact Medcom at 1-800-523-7542 or cobra@emedcom.net.

Thank you for your business and best wishes for a successful year in 2010!