



May 19, 2010

Dear Benefit Administrator:

On April 15, 2010, the federal government amended the COBRA subsidy program previously enacted under the American Recovery and Reinvestment Act of 2009 (ARRA). This letter is intended to outline the provisions within the amendment that require your immediate action.

Continuing Extension Act of 2010 (CEA)

Mini-COBRA Premium Subsidy Under ARRA

Both federal law (COBRA) and Massachusetts law (Mini-COBRA) require that certain individuals covered under a group health plan be offered continuation of that group coverage when certain events (i.e., "qualifying events") occur that would otherwise result in a loss of group coverage for that individual. The American Recovery and Reinvestment Act of 2009 (ARRA), which was enacted on February 17, 2009, provides a federal subsidy of the premiums that certain qualified beneficiaries are expected to pay for COBRA and mini-COBRA coverage. Since its enactment, ARRA has been amended and federal regulators have issued recent updates and clarifications about the law, including model notices and Q&As.

April 1, 2010

The Continuing Extension Act of 2010 was signed into law on April 15, 2010, extending the COBRA and Mini-COBRA subsidy eligibility period through May 31, 2010. Therefore, individuals who had an involuntary termination of employment, including those who had a reduction in work hours followed by an involuntary termination of employment, from April 1, 2010 through May 31, 2010, are now eligible for the subsidy.

Employers should send the appropriate updated notices according to the specifications below:

Model Supplemental Information Notice

The Supplemental Information Notice should be sent to all individuals who elected and maintained continuation coverage based on the following qualifying events:

- All qualifying events related to a termination of employment that occurred from March 1, 2010 through April 14, 2010 for which notice of the availability of the premium reduction available under ARRA was not given; or
- Reductions of hours that occurred during the period from September 1, 2008 through May 31, 2010 which were followed by a termination of the employee's employment that occurred on or after March 2, 2010 and by May 31, 2010.



Model Notice of New Election Period

A Notice of New Election Period should be sent to all individuals who:

- Experienced a qualifying event that was a reduction in hours at any time from September 1, 2008 through May 31, 2010;
- Subsequently experience a termination of employment at any point from March 2, 2010 through May 31, 2010; and
- Either did not elect continuation coverage when it was first offered or elected but subsequently discontinued the coverage.

Generally, individuals who have experienced a qualifying event that consists of a reduction of hours and who, from March 2, 2010 through May 31, 2010, experience an involuntary termination of employment must be provided this notice within 60 days of the event. Additionally, CEA provides that for the April 1, 2010 through April 14, 2010 period, the notice requirement attaches to any termination of employment. The Department of Labor strongly recommends that notice be provided to individuals who experienced any termination of employment.

You can download the above-referenced model Notices, get updated information regarding ARRA and DOD, and find useful links to the Department of Labor website by visiting us www.nhp.org.

Please contact your Sales account manager with any questions or concerns.

Thank you for your continued business with NHP.

Sincerely,

Patrick J. O'Brien
Sales Manager, Neighborhood Health Plan