



**INFORMATIONAL MEMORANDUM
OIR-09-02M
ISSUED
JULY 9, 2009**

Florida Office of Insurance Regulation
Kevin M. McCarty, Commissioner

ALL LIFE AND HEALTH INSURERS AND HMOs

**(ARRA) AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
(COBRA) CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1985
AND MINI-COBRA**

The purpose of this memorandum is to notify and remind Florida Life and Health insurers and HMOs of changes enacted under ARRA that temporarily reduces the premium for COBRA and mini-COBRA eligible beneficiaries.

ARRA provides detailed guidance to employers and insurers relating to COBRA and temporary premium reduction. This memorandum will focus on state continuation, also known as mini-COBRA.

Individuals who are eligible for mini-COBRA coverage because of their own or a family member's involuntary termination from employment that occurred from September 1, 2008 through December 31, 2009 and who elect mini-COBRA at the time of eligibility, may be eligible to pay a reduced premium. Eligible individuals pay only 35% of the full mini-COBRA premium under their plan for up to 9 months. The insurer may recover the remaining 65% of the premium by taking the subsidy amount as a credit on its quarterly employment tax return.

Insurers and HMOs must provide the notice to qualified individuals with the information on how to apply for the premium reduction. A model notice for state continuation plans is available on the United States Department of Labor (USDOL) website at <http://www.dol.gov/ebsa/cobra.html>.

Beneficiaries of mini-COBRA who meet the definition of an assistance eligible individual may be eligible for the premium assistance. An "assistance eligible individual" is the employee or a member of his/her family who:

- was eligible for mini-COBRA continuation coverage at any time from September 1, 2008 through February 16, 2009, and elected continuation coverage, or

- is eligible for mini-COBRA as a result of the employee's involuntary termination that occurred on or after February 17, 2009 through December 31, 2009, and elects mini-COBRA coverage.

Individuals who meet this definition may receive premium assistance for periods of health care coverage beginning on or after February 17, 2009 and up to 9 months. For those individuals currently enrolled who were involuntarily terminated since September 1, 2008 and elected mini-COBRA; the individual is eligible to pay 35% of the monthly premium beginning with the March 31, 2009 premium. Insurers and HMOs are requested to notify these individuals regarding eligibility for premium assistance and if applicable, shall either refund any overpayment or provide a credit for future premiums.

With respect to individuals involuntarily terminated on or after February 17, 2009, through December 31, 2009 that are eligible for mini-COBRA, insurers and HMOs are requested to notify these individuals regarding eligibility for premium assistance and it is recommended that such notification be made within 30 days of notification of a qualifying event.

For additional FAQs information, please view the following websites:

Department of Labor (DOL) Fact Sheet on Premium Reduction under ARRA
<http://www.dol.gov/ebsa/newsroom/fsCOBRAPremiumReduction.html>

Department of Labor (DOL) FAQs on Premium Reduction under ARRA
<http://www.dol.gov/ebsa/faqs/faq-cobra-premiumreductionER.html>

Internal Revenue Service (IRS) FAQs on Premium Reduction under ARRA
<http://www.irs.gov/newsroom/article/0,,id=204708,00.html>

Centers for Medicare and Medicaid Services
<http://www.cms.hhs.gov/COBRAContinuationofCov/>

If you have questions regarding the memorandum, please contact Gary Edenfield, Senior Management Analyst Supervisor, Life and Health Product Review, Florida Office of Insurance Regulation, at gary.edenfield@flor.com or (850) 413-5134.