



# Updated Model COBRA Notices Issued

## Client Advisories

03.26.2010

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The U.S. Department of Labor has issued updated Model Notices that incorporate the provisions of the most recent expansion and extension of the COBRA subsidy program. The COBRA subsidy program originated in 2009 to help individuals who were involuntarily terminated from employment continue health coverage under an employer's plan. The subsidy is available to certain employees terminated after September 1, 2008.

As explained in our Advisory dated March 8, 2010 (which references several other Advisories on the changing COBRA rules), the subsidy program now covers employees terminating through March 2010 and some who experienced a reduction in hours followed by termination. The subsidy has also been extended to a potential 15 months of COBRA eligibility. This Advisory explains how to use each of the updated model notices and provides links to the documents. Click on the bolded title of each notice to access the document.

**Updated General Notice.** This notice may be used to give notice to all qualified beneficiaries who experienced a qualifying event at any time from September 1, 2008 through March 31, 2010, regardless of the type of qualifying event, and who have not yet been provided an election notice. This model notice includes updated information on the premium reduction as well as information required in a COBRA election notice.

Note: Individuals who experienced a qualifying event (that was a termination of employment) on or after March 1, 2010 may not have been provided proper notice. These individuals should get the updated General Notice and the full 60 days from the date the updated notice is provided to make a COBRA election.

**Model Notice of New Election Period.** Plans subject to continuation coverage provisions under Federal or State law should provide, within 60 days of the date of the termination of employment, a Notice of New Election Period to all individuals who:

- experienced a qualifying event that was a reduction in hours at any time from September 1, 2008 through March 31, 2010;
- subsequently experience a termination of employment at any point from March 2, 2010 through March 31, 2010; and

- either did not elect continuation coverage when it was first offered or elected but subsequently discontinued the coverage.

Individuals who experience an involuntary termination of employment after experiencing a qualifying event that consists of a reduction of hours must be provided this notice within 60 days of the termination of employment.

**Model Supplemental Information Notice.** Plans that are subject to continuation coverage provisions under Federal or State law should provide the Supplemental Information Notice to all individuals who elected and maintained continuation coverage based on the following qualifying events:

- terminations of employment that occurred at some time on or after March 1, 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 March 31, 2010 which were followed by a termination of the employee's employment that occurred on or after March 2, 2010 and by March 31, 2010.

Individuals who experience an involuntary termination of employment after experiencing a qualifying event that consists of a reduction of hours must be provided this notice within 60 days of that termination. Individuals with qualifying events that occurred on or after March 1, 2010 for which notice of the availability of the premium reduction available under ARRA was not given must be provided this notice before the end of the required time period for providing a COBRA election notice.

**Model Notice of Extended Election Period.** Plans that are subject to continuation coverage provisions under Federal or State law must provide, before the end of the required time period for providing a COBRA election notice, the Notice of Extended Election Period to all individuals who:

- experienced a qualifying event that was a termination of employment at some time on or after March 1, 2010;
- were provided notice that did not inform them of their rights under ARRA, as amended by TEA; and
- either chose not to elect COBRA continuation coverage at that time or elected COBRA but subsequently discontinued that coverage.

Model Updated Alternative Notice. This Notice applies to insurance issuers that offer group health insurance coverage that is subject to comparable continuation coverage requirements imposed by State law.

Each of the Model Notices must be completed accurately for your health plan and the affected individual. Please contact a member of our Employee Benefits Practice Group at 215-963-3300 or our Labor and Employment Practice Group at 856-795-2121 if you require assistance in modifying your notices or notice procedures to comply with the latest COBRA rules.

*DISCLAIMER: This client advisory is for general information purposes only. It does not constitute legal advice, and may not be used and relied upon as a substitute for legal advice regarding a specific legal issue or problem. Advice should be obtained*



*from a qualified attorney licensed to practice in the jurisdiction where that advice is sought.*

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