



Dear Plan Sponsor,

As your health benefits carrier, we want to tell you about an important change that affects small businesses such as yours that are required by their state to continue to include certain terminated employees on their health plan. We need your help to meet new federal requirements related to these individuals on state continuation of benefits.

The American Recovery and Reinvestment Act of 2009 (ARRA), passed by Congress in February, provides for a 65-percent subsidy on COBRA and COBRA-comparable state continuation premiums for certain assistance-eligible individuals for up to 9 months. (Note: Comparable COBRA-coverage is not defined in ARRA.)

We need your help in identifying individuals in your health plan who are on state continuation of health benefits.

**Who is eligible for the subsidy?**

With respect to state continuation, an assistance-eligible individual is a qualified beneficiary under COBRA-comparable state continuation who meets the following:

- Had their employment involuntarily terminated between September 1, 2008, and December 31, 2009; and
- Elected continuation coverage of health benefits, as made available under state law, at any time during the period beginning September 1, 2008, and ending December 31, 2009; and
- Has not exhausted their state continuation right as mandated by state law; and
- The individual's modified adjusted gross income is not more than \$125,000 (individual filer)/\$250,000 (joint filer).

Under ARRA, assistance-eligible individuals are only required to pay 35 percent of the cost of the continuation coverage for a period of 9 months. The premium reduction period will begin with the first coverage period following the enactment of ARRA (generally March 1, 2009).

**What you need to do**

We need your help to identify individuals who are eligible for the subsidy so that our billing area accepts the 35-percent payments where applicable. In addition, since ARRA requires carriers to provide the subsidy of 65 percent for individuals on state continuation, we must document all individuals eligible for this subsidy.

**We've included an instruction sheet detailing the information we need, along with the forms that need to be completed and returned in the enclosed envelope. A copy of the ARRA State Continuation Coverage Supplemental Notice is also included for you, the plan sponsor, to distribute to individuals on state continuation.**

If you have questions, please call the phone number listed on your latest premium statement.

Thank you for your support.

Attachments:

Instructions Sheet

Employer Attestation- ARRA Employee Subsidy- Form

ARRA State Continuation Coverage Supplemental Notice