



P.O. Box 942714
Sacramento, CA 94229-2714
(888) CalPERS (888-225-7377)
TDD – (916) 795-3240
www.calpers.ca.gov

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Distribution:

Special:

Circular Letter

TO: ALL PEMHCA HEALTH BENEFITS OFFICERS AND ASSISTANT HEALTH BENEFITS OFFICERS

SUBJECT: AMERICAN RECOVERY AND REINVESTMENT ACT OF THE CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT, AS AMENDED BY THE TEMPORARY EXTENSION ACT OF 2010 AND CONTINUING EXTENSION ACT OF 2010

The American Recovery and Reinvestment Act of 2009 (ARRA), which modified provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), was amended on December 19, 2009, by the Department of Defense Appropriations Act, 2010 (2010 DOD Act), and the Temporary Extension Act of 2010 (TEA) and Continuing Extension Act of 2010 (CEA).

Changes Regarding Consolidated Continuation Coverage Under ARRA, as Amended by the TEA and CEA:

- The COBRA premium reduction eligibility period was extended three months, from February 28, 2010, to May 31, 2010.
- The TEA and CEA expanded eligibility to individuals who experience a qualifying event that is a reduction of hours occurring at any time from September 1, 2008, through May 31, 2010, which is followed by an involuntary termination of employment on or after March 2, 2010, through May 31, 2010.

INDIVIDUAL COBRA NOTIFICATION

General Notice

CalPERS has notified all individuals who had a COBRA qualifying event on or after September 1, 2008, and provided them with the formal Notification (Attachment 1).

CalPERS will continue to provide the general notice to all individuals who have a COBRA qualifying event during the period that began September 1, 2008, and ends on May 31, 2010. Employers should also provide each terminated employee with a copy of the attachments to this letter to fully ensure all affected individuals are fully informed.

EMPLOYER PAYMENT

Upon receipt of enrollment and subsidy attestation documents, the health plan will bill the member for 35 percent of the COBRA health premium. The individual has 45 days in which to pay the bill. Upon receipt of payment, the health plan will bill the employer for the remaining 65 percent of the COBRA health premium. **The employer must make a payment for the subsidy within timeframes specified by the health plan.**

If employers provide a vision or dental plan subject to COBRA, you may have additional notifications to make. State Health Benefits Officers (HBO) can contact the Department of Personnel Administration (DPA) regarding these notifications. Public Agency HBOs are encouraged to consult their legal counsel regarding other notifications.

For additional information and instructions for employer implementation, follow the instructions outlined in our previous Circular Letter #600-020-09, dated April 13, 2009. Please use the updated health plan address attachment (Attachment 2) to forward copies of the approved forms.

If you need assistance, please contact our Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

Sincerely,

HOLLY A. FONG, Chief
Office of Employer and Member Health Services

Attachments

CalPERS COBRA ARRA Member Notification
Summary of the COBRA Premium Reduction Provisions under ARRA, as Amended
COBRA Continuation Coverage Election Form
Request for Treatment as an Assistance Eligible Individual Form
Frequently Asked Questions
Health Plan Addresses