

Help with COBRA Premiums

By Jacques Chambers

Posted March 18, 2009

The Federal Economic Stimulus Package that was recently signed into law as the the COBRA Premium Reduction Plan includes some financial assistance for persons who have been laid off their job and need help paying their COBRA premiums.

While financial assistance is helpful for those who are eligible, it really only provides that assistance for a very limited group of people. As with any new legislation, it will be some time before all the regulations are finalized; however, it is not too soon to see generally how the plan works and to get an idea of whether or not you may be eligible for premium assistance.

COBRA is the federal law that allows terminated employees and their dependents to continue on an employer's health insurance plan after they lose eligibility due to the employee's termination of employment. However, to continue the coverage the person on COBRA must pay the entire premium, including the employer's portion. For a single individual that can be anywhere from \$200 to over \$500 per month, and up to \$1,000 a month or more for families. Cost is the main reason many people are not able to take advantage of the extended coverage. The archives of this site (www.hcvadvocate.org/hepatitis/living_w_hepatitis_C.asp#2) has articles that explain COBRA more extensively.

The COBRA Premium Reduction Plan will pay 65% of the monthly COBRA bill for those persons who are eligible for the program. To be eligible for this financial assistance:

- You must have been laid off or involuntarily terminated from your employment between September 1, 2008 and December 31, 2009; and,
- You are not eligible for another group health plan from a new employer or working spouse's coverage and are not eligible for Medicare benefits; and,
- You elect COBRA coverage during either the initial 60 day enrollment period or during the extended enrollment period explained below.

Persons whose annual income is at least \$125,000 (\$250,000 for married couples filing jointly) are eligible for the premium subsidy, but the amount of assistance may be collected back by an increase in income tax liability for the year.

For persons who are already on COBRA and paying the full price, they may be eligible for the premium reduction; however, there is no retrospective payment. COBRA premiums will be paid only for coverage periods beginning on or after February 17, 2009

Persons who would otherwise qualify except, when offered COBRA, they declined it, will be offered a second opportunity to enroll in COBRA Continuation. Your former employer, or their COBRA plan administrator, is required to notify you of a second election period by April 18, 2009. Upon receiving that notice, you will have 60 days to enroll in COBRA with the premium reduction. You should contact your former employer's HR or Benefits Department if you don't get the notice or if you have changed addresses since leaving employment.

Some states have "mini-COBRA" statutes for groups who do not come under the federal COBRA law. Second election periods for them are not part of the federal statute. It is up to each state to offer a second election period under their law if they choose.

For those who are eligible for this premium assistance, it will last for up to nine months but will end earlier if you become eligible for Medicare or other group coverage or reach the maximum COBRA coverage benefit period.

You must enroll in this program through the employer who would be offering you COBRA coverage. If you were covered under the employer's health plan on the last day of employment, your employer or the COBRA administrator should send you notice of your eligibility for the plan along with all the materials necessary to enroll. Rather than wait for the information, it is recommended you contact your former employer and inquire about the COBRA Premium Reduction Plan and, if you are not already enrolled in COBRA, the second enrollment period.