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DEPARTMENT OF SOCIAL SERVICES
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ARNOLD SCHWARZENEGGER
GOVERNOR

February 17, 2010

ALL-COUNTY INFORMATION NOTICE NO.: I-12-10

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY FISCAL OFFICERS
ALL IHSS PROGRAM MANAGERS
PUBLIC AUTHORITY EXECUTIVE DIRECTORS

Reason For This Transmittal

- State Law Change
- Federal Law or Regulation Change
- Court Order or Settlement Agreement
- Clarification Requested by one or More Counties
- Initiated by CDSS

SUBJECT: H. R. 3326-64 SEC. 1010. (a) PROVIDES FOR AN EXTENSION OF ELIGIBILITY PERIOD FOR IN-HOME SUPPORTIVE SERVICES (IHSS) PROVIDERS AND PREMIUM ASSISTANCE FOR CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA) BENEFITS AND AN EXTENSION OF COBRA BENEFITS FOR OLDER OR LONG-TERM EMPLOYEES.

Reference: All-County Letter No. 09-21, dated April 16, 2009.

This All-County Information Notice (ACIN) provides information to counties on the extension of the COBRA premium subsidy provisions of the American Recovery and Reinvestment Act (ARRA) of 2009. H.R. 3326, Subsection (a)(3)(A) of section 3001 of division B of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) amended is section by striking "December 31, 2009" and inserting "February 28, 2010".

Extension of COBRA Premium:

The American Recovery and Reinvestment Act of 2009 (ARRA), as amended on December 19, 2009 by the Department of Defense Appropriations Act, 2010 (2010 DOD Act) provides for premium reductions for health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, also known as COBRA.

The 2010 DOD Act extended the COBRA premium reduction **eligibility** period for two months (December 31, 2009 to February 28, 2010) and increased the maximum period for receiving the subsidy for an additional six months (from nine to 15 months).

In addition, IHSS providers who have reached the end of the reduced premium period before the enactment of the 2010 DOD Act extended the reduced premium to 15 months will have an extension of their grace period to pay the reduced premium. To

continue their coverage they must pay the 35 percent of premium costs by February 17, 2010, or, if later, 30 days after notice of the extension is provided by their plan administrator.

Individuals who lost their subsidy and paid the full 100 percent premium in December 2009 should contact their plan administrator or employer sponsoring the plan to discuss a credit for future months of coverage or a reimbursement of the overpayment.

Those who are eligible for other group health coverage (such as a spouse's plan) or Medicare are not eligible for the premium reduction. There is no premium reduction for premiums paid for periods of coverage that began prior to February 17, 2009.

Assistance eligible individuals who pay 35 percent of their COBRA premium are treated as having paid the full amount. The premium reduction (65 percent of the full premium) is reimbursable to the employer, insurer or health plan as a credit against certain employment taxes.

Period of Coverage

The premium reduction applies to periods of coverage beginning on or after February 17, 2009. A period of coverage is a month or shorter period for which the plan charges a COBRA premium. The premium reduction for an individual ends upon eligibility for other group coverage (or Medicare), after 15 months of the reduction, or when the maximum period of COBRA coverage ends, whichever occurs first. Individuals paying reduced COBRA premiums must inform their plans if they become eligible for coverage under another group health plan or Medicare.

COBRA Subsidy Notice Requirements

ARRA, as amended, mandates the provision of certain notices. As part of the COBRA election notice, plan administrators must provide information about the premium reduction to all individuals who have COBRA qualifying events from September 1, 2008 through February 28, 2010.

Plan administrators must also provide notice about the changes made to the premium reduction provisions of ARRA by the 2010 DOD Act to IHSS providers who have already been provided a COBRA election notice (unless the election notice included the updated premium reduction information).

- Individuals who are "assistance eligible individuals" must be provided notice by February 17, 2010;
- Individuals who experience a termination of employment on or after October 31, 2009 and lose health coverage must be provided this notice within the normal timeframes for providing continuation coverage notices; and

- Individuals who are in a "transition period" (a period that begins immediately after the end of the nine months of premium reduction in effect under ARRA before the amendments made by the 2010 DOD Act, as long as those nine months ended before December 19, 2009 and the premium reduction provisions of the 2010 DOD Act would apply due to the extension from nine to 15 months) must be provided notice within 60 days of the first day of the transition period.

Expedited Review of Denials of Premium Reduction: Individuals who are denied treatment as assistance eligible individuals and thus are denied eligibility for the premium reduction (whether by their plan, employer or insurer) may request an expedited review of the denial by the U.S. Department of Labor. The Department must make a determination within 15 business days of receipt of a completed request for review. The official application form is available at www.dol.gov/COBRA and can be filed online or submitted by fax or mail.

For any questions or concerns regarding the extension of the COBRA premiums, contact Rolonda Moen, Manager, Fiscal and Administrative Unit, at (916) 229-4598.

Sincerely,

Original Document Signed By:

EILEEN CARROLL, Chief
Adult Programs Branch
Adult Programs Division