



Washington State Health Care Authority

Public Employees Benefits Board

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**Information about the COBRA subsidy—
you may qualify for a premium reduction
for PEBB continuation coverage**

Dear PEBB Member,

This notice contains important information about additional rights you may have related to continuation coverage offered through the Public Employees Benefits Board (PEBB) Program. Please read the information in this notice carefully.

What is COBRA?

COBRA, which stands for the Consolidated Omnibus Budget Reconciliation Act of 1986, allows an employee who leaves his or her employer to continue health insurance through that employer. Generally, the employee and any of the employee's qualified beneficiaries pay the full cost of the coverage, without the employer's contribution.

The American Recovery and Reinvestment Act of 2009 (ARRA), as amended by the Department of Defense Appropriations Act of 2010, the Temporary Extension Act of 2010, and the Continuing Extension Act of 2010, reduces the cost of the COBRA premium in some cases. You are receiving this notice because you experienced a qualifying event between September 1, 2008 and May 31, 2010.

If you meet either of the two premium reduction eligibility criteria on the next page, you may qualify for a reduction in COBRA premiums for up to 15 months. This may include members eligible for COBRA, Leave Without Pay, and non-Medicare retiree coverage. To help determine whether you qualify for the COBRA premium reduction, please read the enclosures in this packet, specifically:

- *Summary of the COBRA Premium Reduction Provisions under ARRA*—This provides details on eligibility, restrictions, and obligations.
- *Request for Treatment as an Assistance Eligible Individual* form

Who qualifies for the COBRA premium reduction?

You may qualify for reduced-premium COBRA coverage if you meet **one** of the criteria below:

1. *You lost employer-paid PEBB health coverage due to an involuntary termination of employment between September 1, 2008 and May 31, 2010.*

Example 1

Eileen was involuntarily terminated from her job on September 15, 2009, and lost her employer-sponsored PEBB health coverage on October 1. She elected to enroll in reduced-premium COBRA on December 1 (within her 90-day election period), and paid her COBRA reduced premiums for October and November. Her 15-month reduced-premium COBRA period started October 1, 2009 and will continue through December 31, 2010. Her 18-month COBRA continuation period will continue through March 31, 2011.

If she continues to qualify for COBRA after her reduced-premium COBRA period ends, she will start paying the full-premium COBRA amount on January 1, 2011.

2. *You previously lost employer-paid PEBB health coverage between September 1, 2008 and May 31, 2010 due to a reduction in work hours, and then were involuntarily terminated between March 2, 2010 and May 31, 2010. You may or may not have elected COBRA when you lost your employer-paid coverage.*

Example 2

Steve's work hours were reduced in September 2009, and he lost his employer-paid PEBB coverage on October 1, 2009. He continued to work for his employer, but didn't elect COBRA until he was involuntarily terminated on March 15, 2010.

His 18-month COBRA continuation period will start October 1, 2009, and last until March 31, 2011 (unless he loses eligibility earlier). Steve is eligible for reduced-premium COBRA coverage starting April 1, 2010, for up to 15 months (or until the end of his 18-month COBRA continuation period). In this example, Steve's reduced-premium COBRA coverage will only last 12 months—from April 1, 2010 through March 31, 2011.

Note: If Steve had elected full-premium COBRA when he lost employer-paid coverage on October 1, 2009, he would later qualify for reduced-premium COBRA coverage on April 1, 2010, after his involuntary termination on March 15, 2010.

How do I apply for reduced-premium COBRA coverage?

Submit your completed *COBRA Continuation Coverage Election Form for Premium Reduction* and *Request for Treatment as an Assistance Eligible Individual* form to the address shown on the forms. **We must receive these no later than 90 days after the date on this letter.**

When does the COBRA premium reduction begin?

If you qualify for reduced-premium COBRA coverage and meet enrollment and payment deadlines, reduced-premium COBRA coverage begins as follows:

If you qualify for reduced-premium COBRA under...	...then your coverage begins:
Qualifying criteria #1	The first day of the month after you lost employer-paid coverage (and ends after 15 months, or earlier if you lose eligibility).
Qualifying criteria #2	The first day of the month after your involuntary termination (and ends after 15 months or up to the end of your COBRA continuation period, or earlier if you lose eligibility).

Can I continue coverage after the COBRA premium reduction period ends?

After the COBRA premium reduction ends, you may continue your enrollment for the remainder of your COBRA continuation period (if applicable) by paying the full cost of your monthly COBRA premiums.

What if I qualify for PEBB retiree coverage after my COBRA coverage ends?

You must submit the *PEBB-Sponsored Retiree Coverage Election Form* (found in the *Continuation of Coverage Election Notice* booklet) no later than **60 days** after your COBRA continuation coverage period ends. **If you don't, you will lose any future right to enroll in or defer PEBB retiree coverage.**

Changing your health plan(s) or coverage options

If you qualify for a COBRA premium reduction, you may also choose to change your health plan(s) or coverage options from what you had under your employer-paid PEBB coverage. Use the *PEBB Reduced-Premium COBRA Monthly Rates* to determine which coverage (for example, from medical and dental coverage to medical-only coverage) or plan (for example, from Aetna Public Employees Plan to Uniform Medical Plan) you can change to. Then indicate your plan selection and coverage options on the *COBRA Continuation Coverage Election Form for Premium Reduction*.

Please note: If you choose a different health plan for your reduced-premium COBRA coverage, it must cost **the same or less than** the health plan you had at the time of the involuntary termination. This cannot be Flexible Spending Account-only coverage. Also, if you wish to continue life insurance, you must pay the full amount of these premiums. Life insurance does not qualify for the subsidy.

Example 3

John covered himself under his employer's PEBB medical and dental coverage. When John was involuntarily terminated from his job, he was enrolled in both medical coverage (Group Health Classic) and dental coverage (DeltaCare).

John qualifies for and elects the COBRA premium reduction. To lower his costs further, John can choose a less-expensive medical plan, or drop his medical or dental coverage.

Although the COBRA premium reduction doesn't apply to life insurance, he may continue his Basic Part A life insurance at \$5.07 per month.

Medical plans—all figures below are 2010 premiums

Can enroll in*...

Group Health Classic \$164.75
Group Health Value \$147.50
Kaiser Permanente Value \$154.37
Uniform Medical Plan \$154.07

Can't enroll in because these plans cost more...

Aetna Public Employees Plan \$186.00
Kaiser Permanente Classic \$165.02

Dental plans (with medical coverage)—all figures below are 2010 premiums

Can enroll in...

DeltaCare \$13.01

Can't enroll in because these plans cost more...

Uniform Dental Plan \$15.58
Willamette Dental \$14.06

**These plans must be available in John's county of residence. If he moves to another county and his medical plan is not available, he may switch to a higher-cost plan if no lower-cost plans are available.*

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How much does COBRA coverage cost?

We have enclosed a rate sheet that shows what your monthly costs would be under the COBRA premium reduction.

When do I need to pay for COBRA coverage?

When you submit your completed forms (enclosed), you do not have to send payment at that time. **However, we cannot enroll you in COBRA unless we receive your payment no later than 45 days after the date PEBB receives your forms.** We will review your forms to determine whether you qualify for the reduced premium, and when reduced-premium coverage will begin. You must pay in full back to your enrollment date (coverage must begin the first day of the month after termination) through the current month.

What happens if I qualify for other health coverage after I enroll?

Your eligibility for the COBRA premium reduction will end if:

- You become eligible for Medicare or Medicaid; or
- You become eligible for another group health plan (such as through a new employer or your spouse's employer).

You must notify us within 60 days after you become eligible for Medicare, Medicaid, or another group health plan—even if you do not enroll in the other coverage. To do this, complete and submit the enclosed *Participant's Notice of Other Health Coverage* form. If you don't, you may have to repay 110% of the subsidized amount of the COBRA premium.

What if the PEBB Program denies my application for the COBRA subsidy?

If you complete and submit the *Request for Treatment as an Assistance Eligible Individual* and we deny the request, you may appeal to the U.S. Department of Health & Human Services. Contact them toll-free at 1-866-400-6689 or via email at ContinuationCoverage@maximus.com.

Let us know if you move

To protect your and your family's rights, you must notify the PEBB Program no later than **60 days** after any changes in your or your family members' addresses. You can do this by calling us at 1-800-200-1004, or notifying us in writing at the address at the top of this notice. You should also keep a copy of any notices you send us for your records.

For more information

If you have questions about this notice, please contact us at 1-800-200-1004.

Sincerely,

PEBB Benefits Services

Enclosures:

Questions and Answers About Your COBRA Continuation Coverage Rights and the COBRA Premium Reduction

Summary of the COBRA Premium Reduction Provisions under ARRA

2010 COBRA Continuation Coverage Election Form for Premium Reduction

Request for Treatment as an Assistance Eligible Individual (form)

Participant's Notice of Other Health Coverage (form)

2010 PEBB Reduced-Premium COBRA Monthly Rates