

April 20, 2009

Dear Employer:

You are receiving this letter to advise you of your responsibilities regarding the COBRA continuation coverage that is included in the American Recovery and Reinvestment Act (ARRA) of 2009. The ARRA provides for premium reductions and extended election opportunities for benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). This Act is applicable to all employers that are subject to federal COBRA laws.

Under the ARRA, "Assistance eligible individuals" (AEI) will be responsible for 35% of their COBRA premiums, with the remaining 65% being paid by the employer. The subsidized amount will be reimbursed to the employer through a payroll tax credit. The subsidy became effective March 1, 2009 and is available for up to nine months.

### **ARRA Changes to COBRA Continuation Coverage**

#### Premium Reduction

The premium reduction for COBRA continuation is available to AEI's. An AEI is the employee and/or family member who meets all of the following criteria:

- Is eligible for COBRA as a result of the employee's involuntary termination between September 1, 2008 and December 31, 2009.
- Is not eligible for other group health coverage (such as a spouse's plan) or Medicare.
- Is responsible for any portion of the COBRA dental premium.

#### Extended Election Period

Employees that were involuntarily terminated between September 1, 2008 and February 17, 2009, and do not have a COBRA election in effect on February 17, 2009 are eligible for a second chance to make a COBRA election. Employees in this situation have 60 days from the date of the new COBRA notice to elect COBRA coverage and receive the premium reduction. The premium subsidy will become effective on March 1, 2009 and not the original date of COBRA eligibility.

### **Roles and Responsibilities**

#### Notice to terminated employees

The employer is responsible for sending a COBRA notice to all individuals who were terminated on or after September 1, 2008. The Department of Labor has developed model COBRA notice packets for the employer's use. The notice packets are located at <http://www.dol.gov/ebsa/COBRAmodeInotice.html>

The AEI will have 60 days from the date of the notice to decide if they want COBRA continuation coverage under the plan. The completed "Request for Treatment" form which is included in the notice packet must be returned to the employer or COBRA Administrator.

### Premium Billing & Enrollment

- Delta Dental will continue to bill the employer for 100% of the premium amount.
- Employer will be responsible for the collection of 35% of the COBRA premium from the AEI.
- Employer will continue to send enrollment information to Delta Dental using your current process.

### Premium Reimbursement

Employers may recover COBRA premium subsidies provided to AEI's by taking the subsidy amounts as a credit on IRS Form 941 quarterly employment tax return. This form is located on the IRS website at [www.IRS.gov](http://www.IRS.gov).

### **Questions**

If you have questions about the COBRA subsidy or applicability, you may want to consult with your legal counsel or go to the Department of Labor website at [www.dol.gov/ebsa/COBRA.html](http://www.dol.gov/ebsa/COBRA.html).

If you have questions about your dental plan, contact Delta Dental at 1-877-983-3582.

Note: You are receiving this communication because our records indicate that you are subject to Federal COBRA laws. If you are not subject to these laws, but subject to Iowa Continuation Coverage requirements and have chosen to provide dental continuation coverage, please contact Delta Dental at 1-877-983-3582 or via email at [enrollment@deltadentalia.com](mailto:enrollment@deltadentalia.com) so that we may provide you with further information.