

April 20, 2009

Dear Employer:

You are receiving this letter to advise you of your responsibilities regarding the American Recovery and Reinvestment Act (ARRA) of 2009. The ARRA extends to all employers that are subject to the Iowa Continuation Coverage (ICC) requirements. ICC applies to employers with less than 20 employees and provides for premium reductions.

Under the ARRA, "Assistance eligible individuals" (AEI) will be responsible for 35% of their continuation premiums, with the remaining 65% being subsidized by Delta Dental if the employer is subject to ICC and offers continuous dental benefits. The subsidized amount will be reimbursed to Delta Dental by the government through a payroll tax credit. The subsidy became effective March 1, 2009 and is available for up to nine months.

Under ICC, employers are allowed to exclude dental benefits from continuation coverage for terminated employees. If you, as an employer, have chosen to exclude dental benefit continuation coverage, you do not need to read any further. If you choose to begin offering dental benefit continuation coverage between now and December 31, 2009, you are required to notify Delta Dental in writing at enrollment@deltadentalia.com or by mail at:

**Delta Dental of Iowa
Attn: Group Administration – ICC
2401 SE Tones Drive, Suite 13
Ankeny, IA 50021**

If you are subject to federal COBRA laws rather than ICC, you do not need to read any further and should see the Delta Dental COBRA notice at www.deltadentalia.com/cobra.

ARRA Changes to Iowa Continuation Coverage Premium Reduction

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

- Is eligible for continuing dental coverage as a result of the employee's involuntary termination between February 17, 2009 and December 31, 2009.
- Is not eligible for other group health coverage (such as a spouse's plan) or Medicare.
- Is responsible for payment of any portion of the dental benefit continuation coverage premium.

Election Period

For employers that have provided dental continuation coverage to terminated employees since September 1, 2008 and continue to do so, ARRA provides the following:

- Employees involuntarily terminated between September 1, 2008 and December 31, 2009 may be eligible for the subsidy.
- The premium subsidy for an AEI, who has been covered under dental benefit continuation coverage prior to February 17, 2009, will become effective on March 1, 2009, not the original date of continuing dental benefit coverage eligibility.

Process Changes for Employers Offering Dental Continuation Coverage under ICC

Employer Responsibilities in the Identification of AEI

The following outlines the process that employers need to follow for the identification of AEI:

- Employer is required to notify Delta Dental that they offer dental continuation coverage for terminated employees and the date employer began offering the coverage.
- Employer needs to provide Delta Dental with a contact person, including telephone number and email address, for Delta Dental to use in case of questions or clarifications.
- Employer must provide Delta Dental with an initial list of all terminated employees from the date employer began offering dental continuation coverage, or September 1, 2008, whichever is later. The following information must be provided:
 - Eligible employee's name
 - Employee's Social Security Number
 - Date of termination
 - Reason for termination
 - Dependent's name(s)
 - Dependent's Social Security Number(s)
 - Indicate current subscribers who qualify as an AEI
 - Subsidy eligibility end date
- Employer must continue to notify Delta Dental of each termination through December 31, 2009 and must include the information listed above for each terminated employee.

Employer must submit the initial list of terminated employees **by May 4, 2009**. Employers must notify Delta Dental of any subsequent employee terminations **within 5 days** of the employee termination date.

This information must be sent to Delta Dental via email at enrollment@deltadentalia.com or by mail at:

Delta Dental of Iowa
Attn: Group Administration – ICC
2401 SE Tones Drive, Suite 13
Ankeny, IA 50021

Delta Dental prefers to receive the above information on terminated employees in an Excel spreadsheet. Please contact Delta Dental by email at enrollment@deltadentalia.com or by telephone at 1-877-983-3582 if you would like to receive an Excel file template to enter this information.

Delta Dental Responsibilities in the Identification of AEI

Under ARRA, Delta Dental is required to send an ICC dental continuation notice to each employee terminated from September 1, 2008 through December 31, 2009. The following outlines the process that Delta Dental will follow:

- Delta Dental will send an ICC notice to terminated employees upon notification from the employer. Former employees will be directed to return the enrollment forms directly to Delta Dental.
- Delta Dental will validate the terminated employee's eligibility by comparing the returned enrollment forms to the information provided by the employer. Delta Dental will contact employer with any discrepancies.
- Delta Dental will automatically add the AEI as an eligible enrollee to the employer group coverage upon receiving the returned enrollment form and verifying eligibility from the information the employer provides.
- Delta Dental will notify the employer regarding the additional AEI enrollment to their group coverage for billing purposes.

Ongoing Monthly Billing and Premium Reduction Process

The following outlines the monthly billing process, the premium reduction process, and the reimbursement of the premium subsidy.

- Delta Dental will continue to bill employer 100% for each AEI's premium.
- Employer will continue to bill the AEI but must only collect 35% of the premium from each AEI.
- Employer should adjust the payment to Delta Dental for those AEI who have paid their reduced premium to the employer. Employer should then reduce the payment to Delta Dental to 35% of the monthly billed amount for each AEI.
- If the employer did not collect the reduced premium from the AEI, the employer must pay Delta Dental at 100% of the billed premium for the applicable AEI or notify Delta Dental that the AEI has terminated coverage.
- If necessary, Delta Dental will retroactively adjust future bills for any late AEI payments made to the employer.
- Employer must report every month to Delta Dental the names of the AEI and the date the reduced premium was received from the AEI. This information must be sent with the premium payment.
- Employer will submit payment to Delta Dental using normal monthly processes.
- Delta Dental will be responsible for subsidizing the remaining 65% of each AEI's premium and will be reimbursed by the government through a payroll tax credit.

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.

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