



THE DEPARTMENT OF LABOR ISSUES UPDATED COBRA NOTICES

JANUARY 2010

AS EXPECTED, THE DEPARTMENT OF LABOR HAS ISSUED REVISED MODEL COBRA NOTICES TO REFLECT ONLY THE CHANGES CONTAINED IN **THE DEPARTMENT OF DEFENSE APPROPRIATIONS ACT OF 2010** SIGNED INTO LAW ON DECEMBER 19, 2010. ADDITIONAL LANGUAGE MAY NEED TO BE INCORPORATED TO ADDRESS OTHER STATE REQUIREMENTS. THIS **INSIGHTS** WILL SUMMARIZE THE USE AND CONTENT OF EACH NOTICE.

More information about the COBRA changes can be found in our December **Insights** at http://www.chernoffdiamond.com/files/Insights_GHW/chernoffdiamond/Cobra_Subsidy_Extension_122309_CD.pdf

MODEL NOTICES

The following model notices can be found on the Department of Labor website at <http://www.dol.gov/ebsa/COBRAmodelnotice.html>

- ◆ **Updated General Notice** For use by group health plans for individuals who have a qualifying event through February 28, 2010 and have not yet received any COBRA election notice.
- ◆ **Premium Assistance Extension Notice** For use by group health plans (and other entities) for:
 - (1) individuals who were receiving premium assistance as of October 31, 2009 including individuals who have received the full nine months of premium assistance required under ARRA and either (a) did not make any payment for subsequent periods of coverage, or (b) made payment of the 35% (or some other amount that is less than the full premium), or (c) made payment of the full premium otherwise required to maintain coverage absent the subsidy; and
 - (2) individuals who became Assistance Eligible Individuals or experienced a qualifying event that was the termination of a covered

employee's employment on or after October 31, 2009 but who were not provided a notice that included the information required by ARRA, as amended.

- ◆ **Updated Alternative Notice** For use by group health plans subject to State continuation coverage requirements (employers with less than 20 employees) for individuals who have a qualifying event through February 28, 2010 and have not yet received any election notice.

ADDITIONAL NOTICE REQUIREMENT

Plan Administrators are required to issue **The Premium Assistance Extension Notice** no later than February 17, 2010 (60 days after the date of enactment). We recommend that plan sponsors coordinate this transitional notice requirement with their COBRA vendors to assure timely distribution of the mandatory update.

ADDITIONAL INFORMATION

For specific questions concerning information contained in this **Insights**, please contact your Chernoff Diamond consultant.

Information contained in this **Insights** is not intended to render tax or legal advice. Employers should consult with qualified legal and/or tax counsel for guidance in respect of matters of law, tax and related regulation.

Chernoff Diamond provides comprehensive consulting and administrative services with respect to all forms of employee benefits, risk management and qualified and non-qualified retirement plans.

For additional information about our services please contact us at (516) 683-6100 or via e-mail at mail@chernoffdiamond.com.