

March 31, 2010

**IMPORTANT NOTICE FOR EMPLOYER GROUPS SUBJECT TO  
COBRA LAW**

On March 2, 2010, the Temporary Extension Act of 2010 (TEA) extended the COBRA subsidy through March 31, 2010.

**NOTE:**

***The following does not apply to Employer Groups subject to Colorado Continuation of Coverage (CCOC)***

For employer groups subject to COBRA (not CCOC), TEA also provides a new election opportunity for COBRA and basis for the premium subsidy for the following individuals:

- Individuals who lost coverage due to a reduction in hours at any time from September 1, 2008 through March 31, 2010, and
- Who are involuntarily terminated on or after March 2, 2010 and no later than March 31, 2010.

Individuals who lost coverage due to a reduction in hours are eligible for the premium subsidy for any COBRA coverage remaining, starting from the initial Qualifying Event (reduction in hours\*). If these individuals either did not elect (or elected and discontinued) COBRA, they will have a new opportunity to elect COBRA.

*\*A reduction in hours is a qualifying event when the employee and his/her family lose coverage because the employee, though still employed, is no longer working enough hours to satisfy the group health plan's eligibility requirements.*

If you terminated any employee between March 2, 2010 and March 31, 2010 that had previously lost health coverage due to a reduction in hours, it will be your responsibility to notify Rocky Mountain Health Plans of this Qualifying Event.

Please notify RMHP by e-mailing our COBRA Team at [cobrabilling@rmhp.org](mailto:cobrabilling@rmhp.org) no later than April 23, 2010. We will need the employee's name and Social Security number, along with two dates:

- 1) Date the employee's hours were reduced, resulting in ineligibility for health coverage
- 2) Date the employee was involuntarily terminated.

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

Eligible individuals (employees currently enrolled in the health plan and involuntarily terminated) pay only 35 percent of their COBRA premiums; the remaining 65 percent is reimbursed to the coverage provider through a tax credit. The premium reduction applies to periods of health coverage that began on or after February 17, 2009 and lasts for up to 15 months.