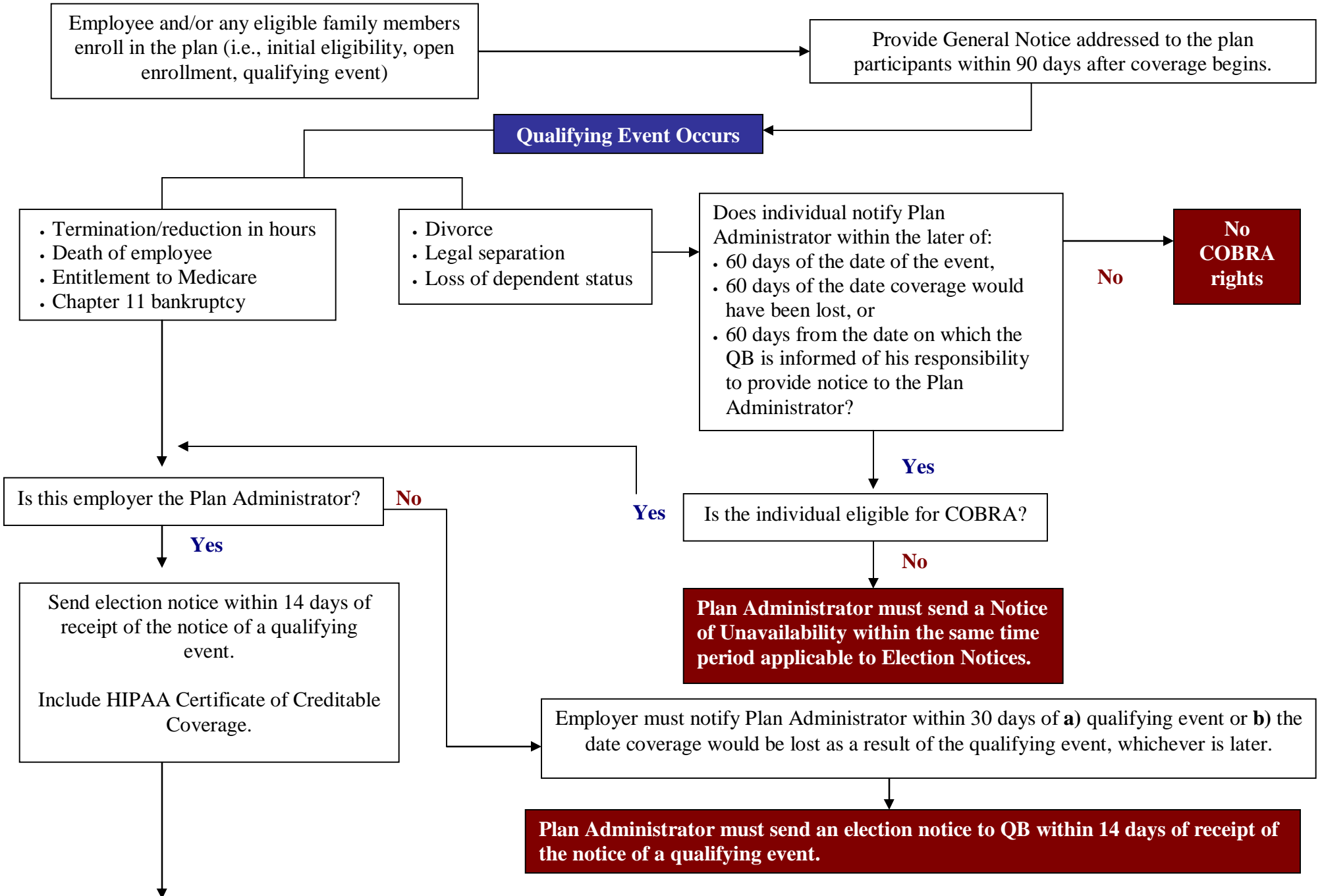
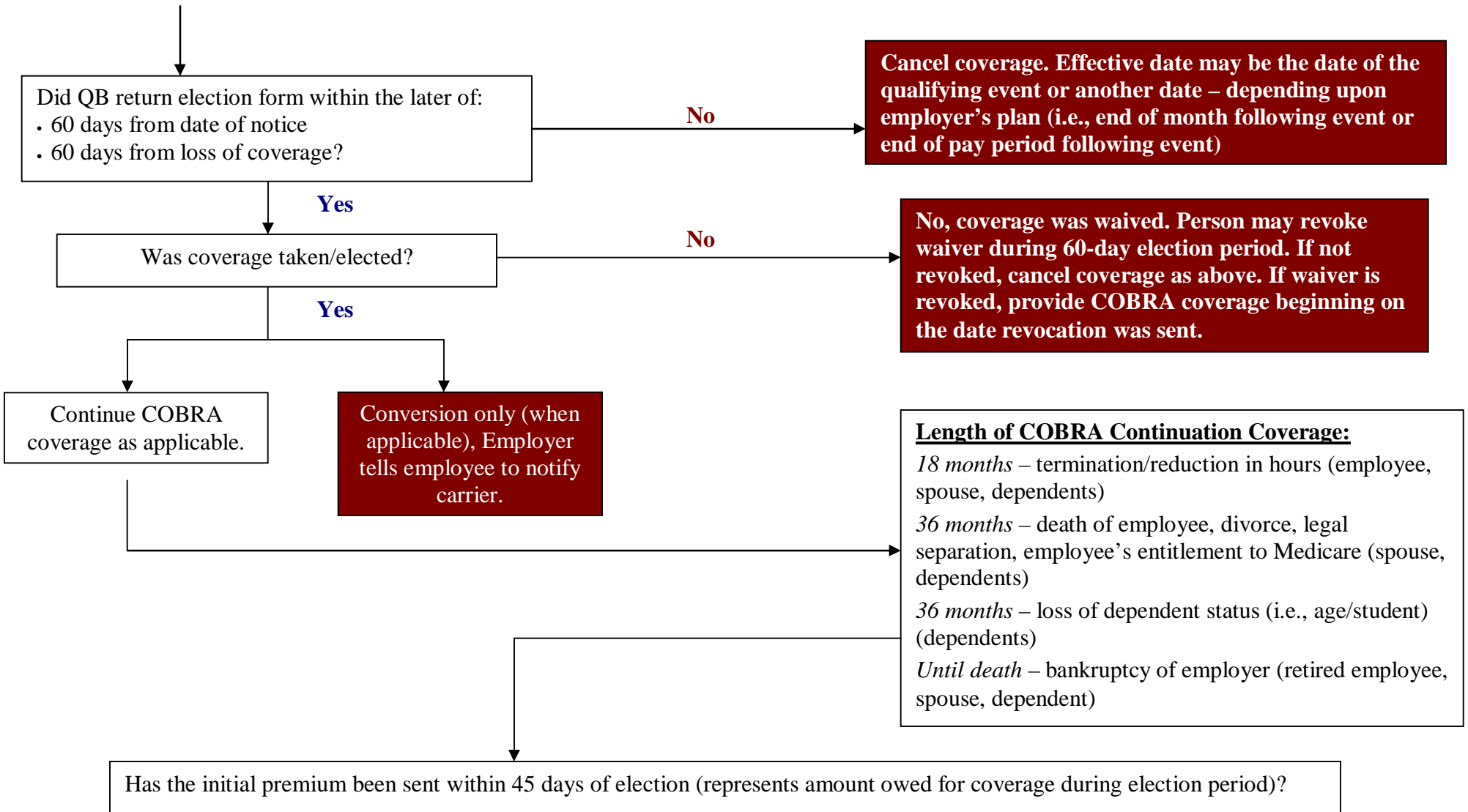


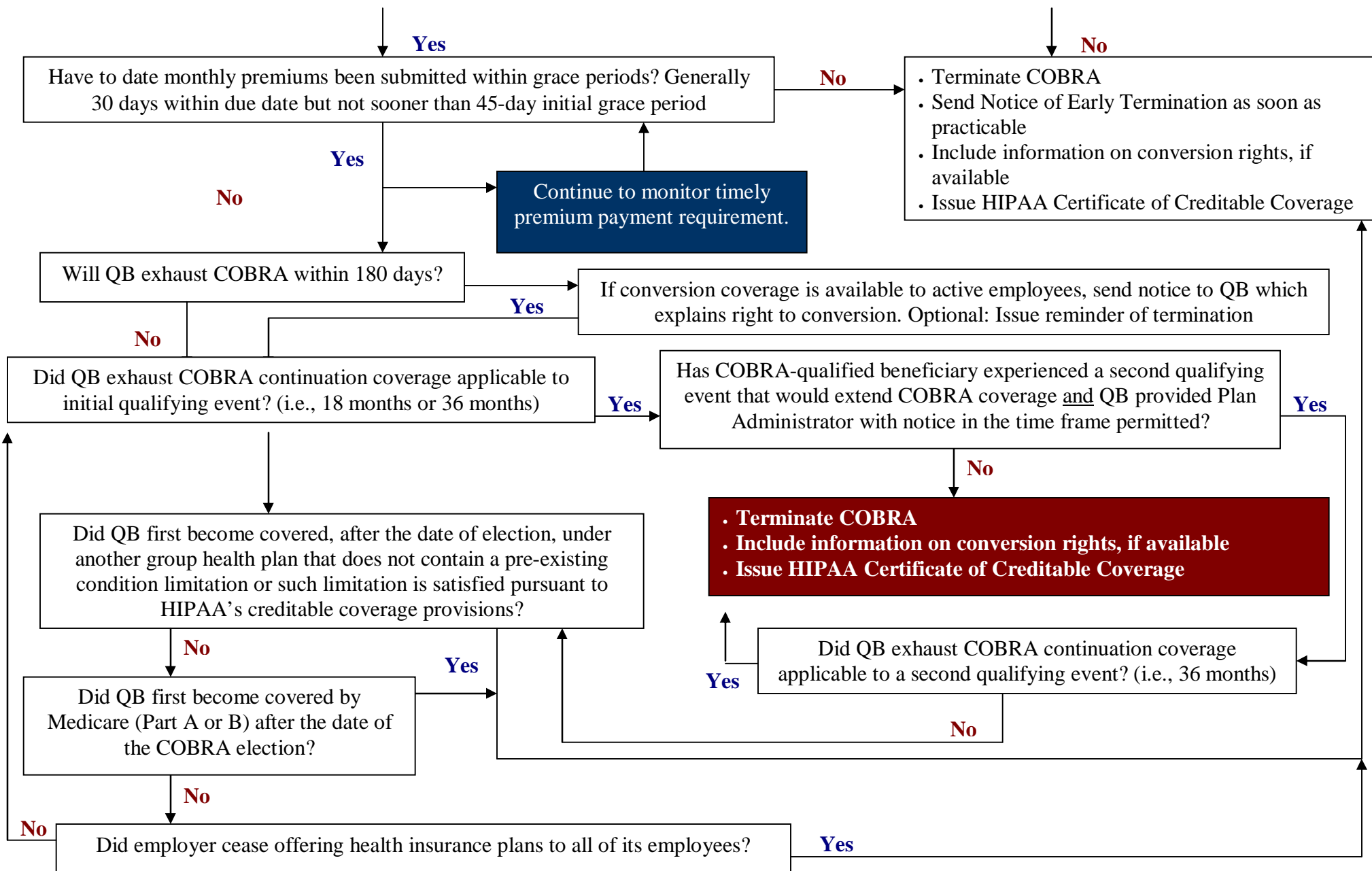
COBRA Administration Flow Chart



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COBRA Administration Flow Chart, page 3 of 3



COBRA Flow Chart – Special Rules for Disabled Qualified Beneficiaries

If a QB is determined disabled by the Social Security Administration (SSA) as of the date of the qualifying event or within 60 days of the original qualifying event, all QBs within the family are entitled to a total of 29 months of COBRA continuation coverage.

The QB must notify the Plan Administrator within the original 18-month COBRA continuation period and within 60 days of the later of a) the date of the SSA's determination, b) the date on which the qualifying event occurs, c) the date on which the QB would lose coverage under the plan, or d) the date on which the QB is informed of his responsibility to notify the Plan Administrator.

A QB is required to notify the Plan Administrator within 30 days of a SSA determination that the QB is no longer disabled. So long as the disabled QB is on the plan, the Plan Administrator may charge 150% of applicable premiums for months 19-29.

COBRA Flow Chart – Special Rules for COBRA Subsidy under ARRA

The American Recovery and Reinvestment Act of 2009 (ARRA), as amended, mandates that plans notify certain current and former participants and beneficiaries about the premium reduction and additional election opportunities for health benefits under COBRA.

The Department of Labor created model notices to help plans and individuals comply with these requirements. Each model notice is designed for a particular group of qualified beneficiaries and contains information to help satisfy ARRA's notice provisions.

Updated General Notice - Plans subject to the Federal COBRA provisions must provide the updated **General Notice** to all qualified beneficiaries (not just covered employees) who experienced a qualifying event at any time from September 1, 2008 through May 31, 2010, regardless of the type of qualifying event, and who have not yet been provided an election notice. This model notice includes updated information on the premium reduction as well as information required in a COBRA election notice.

Note: Individuals who experienced a qualifying event (that was a termination of employment) from April 1, 2010 through April 14, 2010 may not have been provided proper notice. These individuals should get the **General Notice** AND the full 60 days from the date the updated notice is provided to make a COBRA election. Individuals who received a notice that did not include the most up-to-date information must be given updated information.

Note: Individuals who lost coverage due to a reduction in hours of employment and did not make (or made and later discontinued an election for continuation coverage and who were later involuntarily terminated may be eligible to receive the COBRA subsidy and must be provided a notice regarding their rights.

Notice of New Election Period - Plans subject to the Federal COBRA provisions must provide, within 60 days of the date of the termination of employment, the updated **Notice of New Election Period** to all individuals who:

- experienced a qualifying event that was a reduction in hours at any time from September 1, 2008 through May 31, 2010;
- subsequently experience a termination of employment at any point from March 2, 2010 through May 31, 2010; and
- either did not elect continuation coverage when it was first offered or elected but subsequently discontinued the coverage.

Model Supplemental Information Notice - Plans that are subject to the Federal COBRA provisions must provide the **Supplemental Information Notice** to all individuals who elected and maintained continuation coverage based on the following qualifying events:

- all qualifying events related to a termination of employment that occurred from March 1, 2010 through April 14, 2010 for which notice of the availability of the premium reduction available under ARRA was not given; or
- reduction of hours that occurred during the period from September 1, 2008 through May 31, 2010 which were followed by a termination of the employee's employment that occurred on or after March 2, 2010 and by May 31, 2010.

Updated Alternative Notice - Insurance issuers that provide group health insurance coverage must send the updated **Alternative Notice** to persons who became eligible for continuation coverage under a State law. Continuation coverage requirements vary among States and issuers should modify this model notice as necessary to conform it to the applicable State law. Issuers can also use the other model notices as appropriate in certain situations.

Source: United States Department of Labor

Federal COBRA applies to employers with 20 or more employees. This outline is provided as a courtesy to our clients. It is intended to summarize COBRA administration requirements. Please consult your attorney, the Department of Labor, the Department of the Treasury, or the Department of Health & Human Services for specific details.