



Washington State Health Care Authority
Public Employees Benefits Board

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April 17, 2009

Name
Address
City, State ZIP Code

**Information about the new COBRA subsidy—
you may qualify for a premium reduction and
an additional opportunity to enroll**

Dear Former PEBB Member,

This notice contains important information about your additional rights to continue your health coverage in the Public Employees Benefits Board (PEBB) Program. Please read the information in this notice carefully.

The American Recovery and Reinvestment Act of 2009 (ARRA) reduces the member's share of the COBRA premium in some cases, and provides a second opportunity to enroll in COBRA coverage. You are receiving this notice because you lost PEBB health coverage at some time between September 1, 2008 and February 28, 2009, and chose not to elect COBRA coverage at that time or elected COBRA coverage but later discontinued it.

What is COBRA?

COBRA, which stands for the Consolidated Omnibus Budget Reconciliation Act of 1985, allows an employee who leaves his or her employer to continue health insurance through that employer. Generally, the employee and any of the employee's qualified beneficiaries pay the full cost of the coverage, without the employer's contribution.

If you lost your employer-sponsored PEBB health coverage due to an involuntary termination of employment, you may qualify for a second COBRA election opportunity and a reduction in your COBRA premiums for up to nine months. To help determine whether you qualify for the COBRA premium reduction, please read these enclosures:

- *Summary of the COBRA Premium Reduction Provisions under ARRA*—This provides details on eligibility, restrictions, and obligations.
- *Request for Treatment as an Assistance Eligible Individual*

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To elect COBRA coverage

To qualify for the second COBRA election opportunity and the COBRA premium reduction, you must have been involuntarily terminated and each person on your PEBB coverage (called a “qualified beneficiary”) must have lost employer-sponsored PEBB health coverage. These qualified beneficiaries may include:

- You (the former employee)
- Your spouse
- Your dependent child(ren) who were covered under your PEBB health coverage before the involuntary termination of employment. This also includes any new dependents born, adopted, or placed for adoption between the date PEBB coverage was lost and February 17, 2009.

If you believe you qualify for a premium reduction, complete the *Request for Treatment as an Assistance Eligible Individual* and return it with your completed *COBRA Continuation Coverage Election Form*. **The PEBB Program must receive these no later than 90 days after the date on this letter.**

When will COBRA coverage begin?

If you elect to enroll in COBRA coverage and submit your completed forms and payment by the deadlines given, your coverage will begin on **March 1, 2009**. This will begin your nine-month COBRA premium reduction period. Your COBRA continuation period, which generally lasts for 18 months, will start the first day of the month after your employer-sponsored PEBB health coverage ended.

Example 1

Elizabeth was involuntarily terminated from her job on September 15, 2008, and lost her employer-sponsored PEBB health coverage on October 1, 2008. She did not elect to enroll in COBRA coverage during her initial 60-day election period.

She now has a second opportunity to elect to enroll in COBRA coverage. If she enrolls, her nine-month COBRA premium reduction period will start March 1, 2009 and end on November 30, 2009. Her 18-month COBRA continuation period will start October 1, 2008 and would typically end March 31, 2010; however, she will not be enrolled in COBRA coverage between October 1, 2008 and February 28, 2009. She may continue her COBRA coverage after November 30, 2009 by paying the full cost of her COBRA premium (without the reduction) between December 1, 2009 and March 31, 2010.

Changing your health plan(s) or coverage options

If you qualify for the second COBRA election opportunity and the COBRA premium reduction, you may also choose to change your PEBB health plan(s) or coverage options to something different than what you had under your employer-sponsored PEBB coverage. To do this, please indicate your plan selection and coverage options on the enclosed *COBRA Continuation Coverage Election Notice* form.

Please note: The different coverage you choose for COBRA must cost **the same or less than** the coverage you had at the time of the involuntary termination. This cannot be dental-only coverage or Flexible Spending Account-only coverage.

If you do not choose different medical and/or dental plan(s) on the *COBRA Continuation Coverage Election Notice* form, then we will enroll you in the same medical plan (or medical and dental plans) that you were enrolled in under your employer-sponsored coverage.

Example 2

As an employee, Steve covered himself under his employer's PEBB medical and dental coverage. His wife, Jane, covered their two children, Mary and Renee, under her employer's plan.

When Steve was involuntarily terminated from his job, the full cost of his PEBB medical coverage (his and his employer's shares) was \$508.50 per month under Group Health Classic. The full cost of his PEBB dental coverage (his employer's share) under DeltaCare was \$37.19. Steve did not elect to enroll in COBRA after his termination.

Now Steve has a second COBRA election opportunity, and he qualifies for the COBRA premium reduction. Steve requested to add Jane, Mary, and Renee to his COBRA coverage because Jane also lost her employer-sponsored coverage. Steve cannot add Jane and the children to his COBRA coverage, because they weren't enrolled in Steve's employer-sponsored health coverage at the time of his termination. (Jane and the children may qualify for a COBRA premium reduction under Jane's former employer.) However, Steve can choose a less-expensive medical plan or enroll in medical-only coverage, and drop dental coverage. This will further lower his costs.

Medical plans

Can enroll in*...

Group Health Classic \$177.97
Group Health Value \$149.15
Kaiser Permanente Classic \$166.81
Kaiser Permanente Value \$151.85
Uniform Medical Plan \$149.53

Can't enroll in...

Aetna Public Employees Plan \$179.70

Dental plans

Can enroll in...

DeltaCare \$13.01
Willamette Dental \$12.96

Can't enroll in...

Uniform Dental Plan \$14.59

**These plans must be available in Steve's county of residence. If he moves to another county and his medical plan is not available, he may switch to a higher-cost plan if no lower-cost plans are available.*

How much will COBRA coverage cost?

We have enclosed a COBRA rate sheet that shows what your monthly costs would be under the COBRA premium reduction. If you enroll in COBRA and wish to change your coverage (for example, from medical and dental coverage to medical-only coverage), or your plan (for example, from Aetna Public Employees Plan to Uniform Medical Plan), you can use this rate sheet to determine which coverage or plan(s) you can change to.

When do I need to pay for COBRA coverage?

When you submit your completed forms, you do not have to send payment at that time. However, we cannot enroll you in COBRA unless we receive your payment within **45 days** after the date PEBB receives your forms. You must pay in full back to March 1, 2009 (when coverage would begin) through the current month.

Example 3

Barbara elects to enroll in COBRA during this second election opportunity. Her COBRA coverage will be retroactive to March 1, 2009. She returns her completed forms to the PEBB Program by May 5, but doesn't submit her monthly premiums at that time. By June 19 (45 days after PEBB receives her forms), PEBB must receive her premiums for March, April, May, and June to enroll her in COBRA coverage. If Barbara doesn't pay her premiums in full by June 19, PEBB cannot enroll her in COBRA coverage. She will not have another opportunity to enroll in COBRA coverage.

What happens if I qualify for other health coverage after I enroll in COBRA?

Your eligibility for the COBRA premium reduction will end if:

- You become eligible for Medicare;
- You become eligible for another group health plan (such as through a new employer or your spouse's employer);
- You are terminated due to nonpayment of premiums; or
- You reach the end of your 18-month COBRA period.

You must notify us right away if you become eligible for Medicare or another group health plan—even if you do not enroll in the other coverage. To do this, complete and submit the *Participant's Notice of Other Health Coverage* form. If you don't, you may have to repay 110% of the subsidized amount of the COBRA premium and you will lose your COBRA coverage.

What if the PEBB Program denies my application for the COBRA premium reduction?

If you complete and submit the *Request for Treatment as an Assistance Eligible Individual* within the timelines and we deny it, you may appeal to the U.S. Department of Health & Human Services. You can contact them at www.cms.hhs.gov/COBRAContinuationofCov/ or send an email to NewCobraRights@cms.hhs.gov.

Keep us informed if you move

To protect your and your family's rights, you must notify the PEBB Program of any changes in your or your family members' addresses. You can do this by calling us at 1-800-200-1004, or notifying us in writing at the address at the top of this notice. You should also keep a copy of any notices you send us for your records.

For more information

If you have questions about this notice or your rights to COBRA coverage, please contact us at 1-800-200-1004.

Sincerely,

PEBB Benefits Services

Enclosures:

Summary of the COBRA Premium Reduction Provisions under ARRA
Questions and Answers About Your COBRA Continuation Coverage Rights
2009 COBRA Continuation Coverage Election Form for Premium Reduction
Request for Treatment as an Assistance Eligible Individual (form)
Participant's Notice of Other Health Coverage (form)
2009 PEBB Reduced-Premium COBRA Monthly Rates