



Washington State Health Care Authority

Public Employees Benefits Board

P.O. Box 42684 • Olympia, Washington 98504-2684
360-412-4200 • FAX 360-923-2608 • TTY 360-923-2701 • www.pebb.hca.wa.gov

**Information about the new COBRA subsidy—
you may qualify for a premium reduction
for your PEBB continuation coverage**

Dear PEBB Member,

This notice contains important information about additional rights you may have related to your current 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 cost of the COBRA premium in some cases. You are receiving this notice because you lost PEBB health coverage at some time between September 1, 2008 and February 28, 2009, and elected to enroll in COBRA, Leave Without Pay (LWOP), or non-Medicare retiree coverage.

What is COBRA?

COBRA, which stands for the Consolidated Omnibus Budget Reconciliation Act of 1986, 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 PEBB health coverage due to an involuntary termination of employment, you may qualify for a reduction in your premiums for up to nine months. To help determine whether you qualify for the COBRA premium reduction, please read the enclosures in this packet, specifically:

- *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* form

continued on back

What do I need to do?

If you believe you qualify for the COBRA premium reduction, complete the *Request for Treatment as an Assistance Eligible Individual* form and return it to the PEBB Program at the address shown on the form. **The PEBB Program must receive this no later than 90 days after the date on this letter.**

When will the COBRA premium reduction begin?

If you submit your completed form by the deadline given and qualify for the premium reduction, your COBRA premium reduction period begins **March 1, 2009** and ends November 30, 2009 (or earlier, if you lose eligibility before that date). After your eligibility for the COBRA premium reduction ends, we will automatically re-enroll you in COBRA, Leave Without Pay (LWOP), or PEBB retiree coverage without a break in coverage and you will return to paying the full cost of your premiums.

Even though you have 90 days from the date of this notice to return your completed forms, we encourage you to act quickly. If you qualify for the reduced premium, we can only adjust previously paid premiums for up to two months. We will apply any overpayments you have made toward future premiums, unless you specifically request a refund.

Example 1

Matthew was involuntarily terminated from his job on September 15, 2008, and lost his employer-sponsored PEBB health coverage on October 1, 2008. He elected to enroll in Leave Without Pay (LWOP) coverage during his initial 60-day election period. His 29-month LWOP continuation period started October 1, 2008.

He may now elect to enroll in COBRA coverage to receive the nine-month premium reduction. If he enrolls, his nine-month COBRA premium reduction period starts March 1, 2009 and ends November 30, 2009. His 18-month COBRA continuation period starts October 1, 2008 (the same date his LWOP continuation period started) and would typically end March 31, 2010. However, because his LWOP continuation period lasts for 29 months, PEBB will continue his coverage under LWOP for 11 more months, until February 28, 2011. He will return to paying the full cost of his LWOP coverage (without a premium reduction) from December 1, 2009 through February 28, 2011.

Changing your health plan(s) or coverage options

If you qualify for a COBRA premium reduction, you may also choose to change your health plan(s) or coverage options from what you had under your employer-sponsored PEBB coverage. To do this, please indicate your plan selection and coverage options on the *Request for Treatment as an Assistance Eligible Individual* form.

Please note: The different health plan you choose to receive the COBRA premium reduction must cost **the same or less than** the health plan you had at the time of the involuntary termination. This cannot be Flexible Spending Account-only coverage. Also, if you currently have life or long-term disability (LTD) insurance as a LWOP member or term life insurance as a non-Medicare retiree member, you cannot receive a premium reduction on these—you must pay the full amount of these premiums.

If you do not choose different medical and dental plan(s) on the *Request for Treatment as an Assistance Eligible Individual* form, we will enroll you in the same coverage you have now.

Example 2

John covered himself under his employer's PEBB medical and dental coverage. His wife, Karen, covered their two children, Lynsey and Ryan, under her employer's plan.

When John was involuntarily terminated from his job, he was enrolled in both medical coverage (Group Health Classic) and dental coverage (DeltaCare). John elected to enroll in LWOP medical and dental coverage at a total cost of \$545.69 per month, and continue his Basic Part A life insurance at \$5.07 per month.

Now John qualifies for the COBRA premium reduction, and elects to enroll in PEBB's COBRA coverage. John requested to add Karen, Lynsey, and Ryan to his COBRA coverage because Karen also lost her employer-sponsored health coverage. John cannot add Karen and the children to his COBRA coverage, because they weren't enrolled in John's employer-sponsored health coverage at the time of his termination. (Karen and the children may qualify for a COBRA premium reduction under Karen's former employer.) To lower his costs further, John can choose a less-expensive medical plan, or drop his medical or dental coverage.

Although COBRA coverage doesn't include life insurance, he may continue his Basic Part A life insurance at \$5.07 per month. This is because the PEBB Program will apply the 18-month COBRA continuation period toward his 29-month LWOP continuation period.

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 (with medical coverage)

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 John'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 qualify for the premium reduction, 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?

If you have already paid your premiums in full and on time, the Health Care Authority (HCA) will credit those payments toward your reduced-premium COBRA coverage effective for March 1, 2009 (see example below). After any adjustments are applied to your reduced-premium payments, you will need to continue paying by your usual method.

Exception: Retirees paying through pension deduction will need to switch to monthly billing during the reduced-premium coverage period. Call the PEBB Program at 1-800-200-1004 for more information.

Example 3

Joleen is a non-Medicare retiree currently enrolled in the Uniform Medical Plan, and pays \$427.25 per month. She elects to enroll in COBRA to receive the premium reduction. Her COBRA reduced premium will be \$149.53 per month, retroactive to March 1, 2009. She sends her completed forms to PEBB, but doesn't submit her COBRA premiums at that time because she has paid her retiree premiums for March and April.

The PEBB Program will credit the difference between the \$854.50 that Joleen has already paid for her retiree coverage for March and April and the \$448.59 she owes for her COBRA premiums for March, April, and May. This leaves a credit balance of \$405.91. By law, the HCA must either apply her credit balance toward her COBRA premiums within 180 days of COBRA reduced-premium enrollment, or refund the difference upon request.

When her nine-month COBRA reduced-premium coverage ends November 30, 2009, she will resume paying the full monthly rate of \$427.25 for her PEBB coverage.

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

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 within 60 days after 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.

What if the PEBB Program denies my application?

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 within **60 days** 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, 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
Request for Treatment as an Assistance Eligible Individual (form)
Participant's Notice of Other Health Coverage (form)
2009 PEBB Reduced-Premium COBRA Monthly Rates