

Mass Workforce Issuance

Workforce Issuance No. 09-78

☐ Policy ☒ Information

To: Chief Elected Officials
Workforce Investment Board Chairs
Workforce Investment Board Directors
Title I Administrators
Career Center Directors
Title I Fiscal Officers
DCS Regional Managers

cc: WIA State Partners

From: Michael Taylor, Director
Department of Workforce Development

Date: November 18, 2009

Subject: **COBRA Premium Reduction and Extended Eligibility Under ARRA**

Purpose: To notify Local Workforce Investment Boards (LWIBs), One-Stop Career Center Operators and other local workforce investment partners of changes to provisions for COBRA premium reduction and extended eligibility in accordance with the American Recovery and Reinvestment Act (ARRA).

Background: The U.S. Department of Labor Employment and Training Administration (ETA) published Training and Employment Notice (TEN) No. 14-09, Notice to One-Stop Career Centers and Others Concerning COBRA Premium Reduction and Extended Eligibility Provisions in the American Recovery and Reinvestment Act of 2009 on November 16, 2009.

COBRA provides workers who lose their jobs and related health benefits the right to purchase group health coverage provided by their former employer's plan under certain circumstances. If the employer continues to offer the plan, the former employee and his/her family can retain their group health coverage for up to 18 months by paying at the group rate.

Under ARRA, *assistance eligible* individuals pay 35% of their COBRA premiums with the remaining 65% reimbursed to the health coverage provider through a tax credit. An assistance eligible individual is an employee or a member of his/her family who:

- is eligible for COBRA continuation at any time from September 1, 2008 through December 31, 2009;

- elects COBRA continuation coverage (when first offered or during the additional election period); and
- is eligible for COBRA as a result of the employee's involuntary termination from September 1, 2008 through December 31, 2009.

The premium reduction only applies to periods of health coverage beginning on or after February 17, 2009, and lasts for up to nine months.

Additionally, under ARRA, individuals who did not elect COBRA coverage when they were eligible or elected COBRA but dropped it from September 1, 2008 through February 16, 2009, may be eligible for a new opportunity to select COBRA coverage and take advantage of the premium reduction.

ARRA also makes several amendments to the Health Coverage Tax Credit (HCTC) provisions enacted as part of the Trade Act of 2002. The HCTC assists certain individuals who become eligible for TAA and certain retired employees who are receiving pension payments from the Pension Benefit Guaranty Corporation (PBGC) in paying for qualified health insurance coverage, including COBRA continuation coverage. Under those provisions, eligible individuals may either claim a year-end tax credit or have monthly advance payments made on their behalf in an amount equal to 65% of the amount paid for qualified health coverage.

ARRA also amends the definition of eligible TAA recipients for purposes of HCTC to include certain TAA recipients who are in breaks in training and certain TAA recipients who are receiving unemployment compensation regardless of whether they have met TAA enrollment in training requirements.

For additional details please access TEN No. 14-09 by clicking on the link:

<http://wdr.doleta.gov/directives/attach/TEN/ten2009/TEN14-09acc.pdf>

Required: TEN No. 14-09 states that the U.S. Department of Labor Employee Benefits Security Administration (EBSA) has forwarded hard copies of flyers and fact sheets (and related materials) regarding these provisions to One-Stop Career Centers. As the nation's career center system plays a vital role in servicing the needs of dislocated workers, ETA is requesting, and the Commonwealth is strongly encouraging that all Massachusetts One-Stop Career Centers cooperate in the effort to assure that dislocated workers (and employers) are informed of these beneficial changes regarding continued health coverage. As part of this cooperative effort, ETA is also asking that WIBs/Career Center Operators provide a link to EBSA's dedicated website: www.dol.gov/COBRA on their websites to assist individuals and employers to access relevant information.

Attachments A-H include copies of informational posters and flyers referenced above. Local career centers are strongly encouraged to utilize these materials to inform potentially eligible individuals and employers this COBRA related information.

Attachment I includes the PowerPoint presentation utilized in the webinar conducted in November 23, 2009 regarding the COBRA benefit. Again, local areas are encouraged to utilize this presentation information to make customers aware of this significant health coverage benefit

Attachment J included the transcript of the webinar.

Inquiries: Please direct all inquiries related to the content of this issuance including requests for additional materials to Debra Golding, Deputy Director of Education and

Outreach, Employee Benefits Security Administration at golding.debra@dol.gov
or 202-693-8665.