



Massachusetts Division of Insurance

Consumer Alert

Mini-Cobra Premium Assistance

Help for Employees of Small Businesses

February 5, 2010

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (ARRA), a federal stimulus package. Under ARRA, if you are or were involuntarily terminated from employment, you may be eligible for premium assistance under the Consolidated Omnibus Budget Reconciliation Act (COBRA). COBRA is a federal law that provides continuation of health insurance coverage to employees after certain "qualifying events," such as certain terminations or layoffs. COBRA applies to employer groups of 20 or more employees.

Massachusetts law provides similar continuation coverage to employees of small employer groups of 2 to 19 employees. This is commonly called "mini-COBRA." Some of the benefits available under ARRA to COBRA recipients, such as premium assistance or subsidy, are also available to employees who are eligible for mini-COBRA.

Am I Eligible for Mini-COBRA with Premium Assistance?

If you lost your job on or after February 17, 2009, and you elected mini-COBRA, it is likely that you are eligible for the premium assistance. You will not be eligible for mini-COBRA with premium assistance if you were involuntarily terminated for "gross misconduct". You will not be eligible for premium assistance if you lost your job prior to February 17, 2009, or if you lose your job after February 28, 2010.

On December 19, 2009, the President signed a law which extended the premium assistance eligibility period for an additional two months. This means that if you lost, or lose, your employment between December 31, 2009 (the end of the original ARRA time period) and February 28, 2010, you may be eligible for the premium assistance if you elect mini-COBRA. Keep in mind that you are only eligible for mini-COBRA for as long as you do not qualify for other group health coverage during that time, and as long as the employer continues to offer a group health plan. The time period for length of coverage will begin as of the date of your qualifying event.

How Much Do I Have to Pay for My Mini-COBRA continuation coverage?

You will pay no more than 35% of the total monthly premium for your continued health plan coverage through your former employer. The amount will depend on your former employer's plan and the monthly premium.

How Will I Know if I am Entitled to Mini-COBRA? How Will I Know How Much My Payment Will Be?

You should receive a notice in the mail. That notice may come from the employer, or an administrator on behalf of the employer, or the insurance carrier. You should also receive information about your payment amount and instructions on where to send the payment.

What if I Do Not Get a Notice?

If you do not receive a notice, you should contact your former employer or the insurance carrier for your former employer's insurance coverage.

When Does My Premium Assistance Begin?

If you already have mini-COBRA, or if you have just become eligible for mini-COBRA, you will have 60 days from the date of the notice to elect mini-COBRA coverage with premium assistance. If you elect the coverage, it will be effective as of the first of the month that you became eligible and you will be responsible for 35% of the premium. Keep in mind that by the time you receive a notice and elect coverage, it may be later than the first of the month, but the coverage is retroactive.

How Long Will Mini-COBRA Coverage and the Premium Assistance Last?

Mini-COBRA is generally available for up to 18 months and, under ARRA, the subsidy was initially available for 9 months. The change in law on December 19, 2009, increased the period for receiving the subsidy from 9 months to 15 months. This means that you may continue to be eligible for a subsidy even if you previously had mini-COBRA premium assistance that you thought had ended.

What if I Have Mini-COBRA, but I am Not Receiving the Subsidy?

You may still be eligible for the extended subsidy and you should receive a notice in the mail. It is possible that you only have 60 days to qualify for the subsidy, so if you have not received a notice and you believe you are entitled to the subsidy, you should contact your former employer or the insurance carrier who provides your mini-COBRA coverage.

What if I Lost My subsidy and Paid the Full Amount for My Mini-COBRA in December 2009?

You may be entitled to reimbursement or a credit of the amount you paid less the amount you would have owed had the subsidy applied. You should contact your plan administrator or the insurance carrier who provides your mini-COBRA coverage.

Where to Find Additional Information

For questions related to federal COBRA and ARRA: <http://www.dol.gov/COBRA>

For questions related to the Medical Security Plan: <http://www.mass.gov/dua/msp>

For questions related to health insurance options: <http://www.MAhealthconnector.org>

If you would like information on insurance companies authorized to sell individual health insurance plans in Massachusetts, or if you have questions or complaints about mini-COBRA, health insurance or any other insurance issue, you should contact the Division of Insurance. The Division maintains a consumer hotline (617-521-779) staffed by trained insurance examiners who are waiting to assist you. The Division posts a range of consumer materials on health insurance on our website – www.mass.gov/doi.