



**STATE OF MISSISSIPPI**  
**HALEY BARBOUR, GOVERNOR**

**DEPARTMENT OF FINANCE AND ADMINISTRATION**

**KEVIN J. UPCHURCH**  
**EXECUTIVE DIRECTOR**

**MEMORANDUM**

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**To:** Personnel/Payroll Officers - Community/Junior Colleges, Public Libraries, Public School Districts, State Agencies, Universities

**From:** Office of Insurance

**Date:** March 30, 2009

**Subject:** COBRA Premium Subsidy – State and School Employees’ Health Insurance Plan  
ARRA Memorandum #4

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for government-funded COBRA premium assistance and additional election opportunities for continuation coverage under COBRA for employees (and their covered dependents) who were or are involuntarily terminated from employment between September 1, 2008 and December 31, 2009. Under the provisions of ARRA, terminated employees who elect COBRA will only have to pay 35% of the applicable premium, while employers will be responsible for paying the remaining 65%, for up to nine months of continuation coverage. Employers are allowed to recover this federally mandated subsidy by deducting the COBRA premium amounts paid from their federal payroll tax payments.

In addition to providing premium subsidies, ARRA requires that eligible individuals involuntarily terminated after September 1, 2008 who previously waived COBRA will now have a second 60-day election period to elect this coverage for themselves and their eligible dependents, with an effective date of March 1, 2009. For additional information on ARRA and the COBRA premium subsidy benefit, please refer to the *Summary of the COBRA Premium Reduction Provisions under ARRA* (page 8 of the enclosed COBRA packet - Health5 Rev 3/09). For more details, restrictions, and obligations under ARRA, go to [www.dol.gov/COBRA](http://www.dol.gov/COBRA), or [www.irs.gov](http://www.irs.gov).

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To assist you in complying with the COBRA provisions of ARRA as they relate to the State and School Employees' Health Insurance Plan, we have enclosed the revised COBRA notices and forms, including instructions, and revised procedures for your immediate use. The new *COBRA Continuation Coverage Election Notice* packet and the *Notice to Former Employees* must be sent to **all Qualified Beneficiaries** (employees and their dependents covered under the Plan on the date before the qualifying event) who had an 18-month qualifying event on or after September 1, 2008 and prior to February 17, 2009, even if you previously provided these employees an election notice. In preparing the *Notice to Former Employees*, you should copy the language from the enclosed sample notice onto your entity's letterhead before sending it to the qualified beneficiaries.

You must provide these notices detailing this right to elect coverage along with the steps necessary to elect coverage and certify their eligibility for the premium subsidy to these individuals as soon as possible, but no later than April 17, 2009. NOTE: For individuals who experienced an 18-month qualifying event after February 16, 2009, you should send the new *COBRA Continuation Coverage Election Notice* packet only. Individuals will return the information to Blue Cross & Blue Shield of Mississippi (BCBSMS). BCBSMS will complete the "Plan Use Only" section of the *Request for Treatment as an Assistance Eligible Individual* form and send a copy of the form to the participant and to you for your records.

If you have former employees approved to receive the subsidy, you will receive a monthly COBRA subsidy invoice from BCBSMS (separate from your "regular" employee premium billing) which will list the affected participants and the amount of premium subsidy you owe for each. The billing will be generated around the 7<sup>th</sup> of each month, and will reflect premiums due for the prior month's coverage. NOTE: If your employer unit does not have a participant on the COBRA subsidy, you will not receive a premium subsidy billing.

Should you have any questions regarding these revised procedures or your responsibilities under COBRA, please contact BCBSMS at (800) 709-7881, or the Office of Insurance at (866) 586-2781.

### Enclosures:

- ✓ *Sample Notice to Former Employees*
- ✓ *Instructions for Completing the Continuation Coverage Election Notice*
- ✓ *COBRA Continuation Coverage Election Notice* packet