

Governor Rendell has signed legislation that gives employees of small groups who lose their employer-based health benefits the right to purchase continued coverage. The law becomes effective July 10, making Pennsylvania the 41st state to enact a Mini-COBRA program. It applies only to insured group health plans with less than 20 employees.

This applies to insured group health plans of employers with 2 to 19 employees.

**PENNSYLVANIA MINI-COBRA
EFFECTIVE JULY 10, 2009**

What is Mini-COBRA?

Mini-COBRA gives employees of small employers (2 to 19 employees) who lose their employer-based health benefits the right to purchase continued coverage. Mini-COBRA applies only to plans that are insured. If the employer self-funds its health benefits, this state law will not apply.

Who is Eligible?

Employees and their Eligible Dependents who:

- lose coverage due to a Qualifying Event (as defined below) on or after 7/10/09;
- had coverage under the employer's group policy for three months prior to termination;
- are not eligible for Medicare; and
- are not eligible for or covered by other private group health insurance.

Who Are Eligible Dependents?

- An individual who was covered as the spouse or dependent of an employee on the day before the Qualifying Event;
- A child who is born to, or placed for adoption with, a covered employee during the period of continuation coverage.

What is a Qualifying Event?

- Death of a covered employee;
- Loss of dependent status due to divorce or dependent age; or
- Termination of employment for reasons other than gross misconduct;
- Reduction of hours of employment that result in loss of eligibility for coverage; or
- Termination due to bankruptcy, but only in limited cases for retirees.

What Benefits can be Continued?

- Only those benefits provided under a medical plan can be continued.
- Dental and vision plans cannot be continued.

How Will Employees be Notified?

- The law requires insurance carriers to amend their insurance certificates to include notification of the right to continue coverage.
- After a Qualifying Event has occurred, the Employer or its Mini-COBRA administrator will need to notify the employee and/or dependents of their right to continue coverage.

What Does a Former Covered Employee or Dependent Need to do to Continue Coverage?

- An individual who is eligible for continued coverage will need to return their Enrollment Form within 30 days in order for coverage to continue.
- The individual will need to verify that he/she is not eligible for Medicare and is not eligible to be covered under any other group, individual or government-sponsored health coverage (including as a dependent).
- The individual will also need to pay the first premium by its due date and continue to pay on a monthly basis.

How Much Does Continued Coverage Cost?

- Covered individuals may be charged up to 105% of the current premium, except that employees who are involuntarily terminated between July 10, 2009 and December 31, 2009 may be eligible to pay only 35% of the premium and have the remainder subsidized.
- Individuals who earn more than \$125,000 (\$250,000 for a married couple filing a joint tax return) per year may have tax liability related to this premium assistance. These individuals can avoid tax consequence by waiving premium assistance.

How long can Coverage Continue?

- Benefits may continue for up to 9 months.
- Coverage may terminate earlier if the required premium payment is not made on time or if the group policy is terminated.

What do I do now?

- You have 2 choices:
 - Administer your own Mini-COBRA. The cost of doing this is your time to read the laws, interpret the laws, and carry out the laws. As your independent broker, we can offer you guidance and assistance, but we do not administer COBRA.
 - Outsource your Mini-COBRA Administration to a qualified partner to stay in compliance, and to save you time and money.
 - ✓ We have already qualified 3 different administrators to partner with you. Please contact our office for additional information (717) 258-5599.

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