

## Summary of the COBRA Premium Reduction Provisions under ARRA

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President Obama signed the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. The law gives "Assistance Eligible Individuals" the right to pay reduced COBRA premiums for periods of coverage beginning on or after February 17, 2009 and can last up to 9 months.

To be considered an "Assistance Eligible Individual" and get reduced premiums you:

- MUST be eligible for continuation coverage at any time during the period from September 1, 2008 through December 31, 2009 and elect the coverage;
- MUST have a continuation coverage election opportunity related to an involuntary termination of employment that occurred at some time from September 1, 2008 through December 31, 2009;
- MUST NOT be eligible for Medicare; AND
- MUST NOT be eligible for coverage under any other group health plan, such as a plan sponsored by a successor employer or a spouse's employer.

### IMPORTANT

- If, after you elect COBRA and while you are paying the reduced premium, **you become eligible for** other group health plan coverage or Medicare you MUST notify the plan in writing, and the reduced premium will cease to apply. This requirement applies even if you decline the other coverage. If you do not provide this notice, you may be subject to a tax penalty of 110 percent of the amount of the reduced premium.
- Electing the premium reduction disqualifies you for the Health Coverage Tax Credit. If you are eligible for the Health Coverage Tax Credit, which could be more valuable than the premium reduction, you will have received a notification from the IRS.
- The amount of the premium reduction is recaptured for certain high income individuals. If the amount you earn for the year is more than \$125,000 (or \$250,000 for married couples filing a joint federal income tax return) all or part of the premium reduction may be recaptured by an increase in your income tax liability for the year. If you think that your income may exceed the amounts above, you may wish to consider waiving your right to the premium reduction. For more information, consult your tax preparer or visit the IRS website on ARRA at [www.irs.gov](http://www.irs.gov).

For general information regarding your plan's COBRA coverage you can contact your Benefits Office.

For specific information related to your plan's administration of the ARRA Premium Reduction, contact the UC Customer Service Center at 1-800-888-8267. To notify the plan of your ineligibility to continue paying reduced premiums, complete and return the *ARRA COBRA Premium Reduction Ineligibility Form* to UC HR/Benefits, P.O. Box 24570, Oakland, CA 94623-1570.

If you are denied treatment as an "Assistance Eligible Individual" you may have the right to have the denial reviewed. For more information regarding reviews or for general information about the ARRA Premium Reduction go to: [www.dol.gov/COBRA](http://www.dol.gov/COBRA), call 1-866-444-EBSA (3272), or email [NewCobraRights@cms.hhs.gov](mailto:NewCobraRights@cms.hhs.gov).