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MANAGEMENT ADVISORY #09-001

DATE: February 24, 2009
TO: Agency and University Personnel Officers and Benefit Coordinators
FROM: Suzetta Furlong, Manager 
SUBJECT: Federal Stimulus Package: COBRA Subsidy

On February 17, 2009, the federal government passed the American Recovery and Reinvestment Act. The Act provides for a new subsidy for certain COBRA beneficiaries. The subsidy is 65 percent of the COBRA continuation coverage premium for eligible individuals for up to nine months. The former employee is responsible for 35 percent of the premium and will be considered paid in full when this is provided. The former employer will be responsible for the remaining 65 percent and will seek reimbursement from the federal government.

The Division of State Group Insurance is working with the DMS People First team, People First, the Bureau of State Payrolls (BOSP), the Office of the General Counsel, and our tax attorneys to address the following:

- Eligibility definitions
- Enrollment and termination deadlines
- Required People First system changes
- Impacts to payroll and tax reporting
- Impacts to agencies, universities, and other non-warrant entities
- Communication strategies
- Reimbursement procedures

We will send you a detailed management advisory once these items have been addressed.