



Division of State Group Insurance
4050 Esplanade Way, Suite 215A
Tallahassee, Florida 32399-0950
Tel: 850.921.4600
Fax 850.488.0252
www.dms.MyFlorida.com

Governor Charlie Crist

Secretary Linda H. South

MANAGEMENT ADVISORY #09-012

DATE: April 9, 2009
TO: Agency and University Personnel Officers and Benefit Coordinators
FROM: Suzetta Furlong, Manager
SUBJECT: COBRA Subsidy Update

General Information

On February 17, 2009, the federal government passed the American Recovery and Reinvestment Act. The Act provides for a subsidy for certain COBRA beneficiaries. The subsidy is up to 65 percent of the COBRA continuation coverage premium for eligible individuals for up to nine months. The former employee is responsible for at least 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 premium amount and will seek reimbursement from the federal government.

Notices

It is critical that employee address information be correct in the People First system. If you know of situations occurring in your agency that would make an individual COBRA eligible, please ask the employee to be sure the address is correct.

Any individual who has a COBRA qualifying event between the dates of September 1, 2008 and December 31, 2009 will receive a COBRA notice that explains their COBRA continuation rights and an application for the subsidy. Per federal guidelines, the notice and application must be sent to all COBRA eligible individuals, even if they do not qualify for the subsidy.

Individuals who had a COBRA qualifying event between September 1, 2008 and February 16, 2009 may be entitled to a second enrollment period if they were involuntarily terminated and either waived their COBRA continuation option or enrolled but subsequently cancelled. Per federal guidelines, we will send a second election period notice to all individuals who became eligible for COBRA in this time period, even if they do not qualify for the subsidy. These COBRA notices will be sent before April 18.

COBRA notices are attached to the e-mail.

Effective Dates

If the individual meets all criteria, the effective date of coverage and the subsidy will be as follows:

- Separated between September 1, 2008 and February 16, 2009: March 1, 2009
- Separated between February 17, 2009 and December 31, 2009: the month after coverage would end per COBRA requirements

Eligibility Determination

The People First Service Center will follow federal guidelines for determining subsidy eligibility by using the following separation reason codes (as entered by the agency):

- Involuntary Separation:
 - 55 – Failed Probationary Period
 - 59 – Dismissal
 - 62 – Abandonment
- Voluntary Separation:
 - 57 – Layoff

All applicants will receive a written determination in the mail. Individuals who are denied the subsidy have the right to appeal to the Department of Health and Human Services. The federal appeal process is still being determined. We will include instructions for filing an appeal, once final, in the denial letter to the individual.

Subsidized Rates

Due to IRS rules, we are required to calculate rates depending on the number of dependents who are eligible for the subsidy. For example, if a subsidized COBRA participant has individual coverage then has a baby, she may increase to family coverage; however, only she and the baby are eligible to receive the subsidy. Any other family members added at that time are not. The rate charts reflect the payment amount based on subsidy-eligible dependents.

Rate charts for health, dental and vision subsidized rates are online at http://dms.myflorida.com/human_resource_support/state_group_insurance/cobra_subsidy.