

General Information on COBRA and State Benefits (Mini-COBRA)

Eligibility

To be considered an Assistance Eligible Individual (AEI) and pay reduced premiums, you:

- Must be eligible for state or federal continuation coverage at any time between September 1, 2008 and 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 between September 1, 2008 and December 31, 2009
- Must not be eligible for Medicare
- Must not be eligible for coverage under any other group health plan, such as a successor employer or a spouse's employer

**Involuntary termination has several components. For the complete definition, please go to the [Department of Labor](#) or [IRS Web sites](#) for further guidance.*

Additional restrictions and obligations:

- If an AEI becomes eligible for other group health plan insurance or Medicare while he or she is paying a reduced premium, the AEI must notify the plan or be subject to a tax penalty.
- Electing the premium reduction disqualifies the AEI for the Health Coverage Tax Credit.
- Certain high-income individuals are not eligible for premium reduction. If an individual's modified adjusted gross income (AGI) exceeds \$145,000 (\$290,000 for joint filers), he or she is not eligible for the premium reduction. The eligibility is phased out starting with AGIs of \$125,000 (\$250,000 for joint filers). If an AEI earns more than \$125,000 (or \$250,000 for married couples filing a joint federal income tax return) annually, all or part of the premium reduction may be recaptured by an increased income tax liability for the year. The AEI may waive his/her right to the premium reduction.

In any of these situations, CDPHP® does not advise nor suggest whether to waive the premium reduction. An AEI should be referred to his or her tax advisor, accountant, or the IRS Web site at www.irs.gov.

Other ARRA Clarifications

- If someone is already on COBRA and has paid for March and April, CDPHP will refund the 65% of the premium on the group's next invoice if the member is deemed an AEI.
- A member can switch plans to one that is of equal or lesser value if the group allows.
- Self-insured (ASO) groups must comply with ARRA.
- Failure to pay the required premium for continuation coverage on time ends the coverage, and the individual no longer qualifies for premium reduction.
- If someone becomes assistance-eligible for a second time, he or she is eligible for nine months of premium reduction for each involuntary termination.

CDPHP is providing this document for informational purposes only. This document cannot be relied upon as legal or compliance advice with respect to any specific matter. Please consult your attorney for professional advice. You may also wish to contact the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) at www.dol.gov/COBRA or call 1-866-444-EBSA (3272) for additional guidance.



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