

GREENBERG & ASSOCIATES INSURANCE

7327 S.W. Barnes Road, PMB 622
Portland, OR 97225

(503) 297-8078
(Fax) 297-8094

***** IMPORTANT BULLETIN *****

TO: SMALL GROUP HEALTH CLIENTS

FROM: GREENBERG & ASSOCIATES INSURANCE

DATE: April 1, 2009

RE: Oregon State Continuation Assistance under the American Recovery and Reinvestment Act of 2009

In our previous bulletin about the American Recovery and Reinvestment Act of 2009, we informed you that COBRA Continuation isn't the only continuation that has subsidy provisions. Those on Oregon State Continuation coverage are also eligible for premium assistance. Continuation coverage applies to companies whose insurance is based in Oregon and are not eligible for COBRA, such as those with fewer than 20 employees.

Who is eligible for the subsidy under State Continuation?

- Individuals who involuntarily lose their job from Sept. 1, 2008, through Dec. 31, 2009, **and**
- Individuals who qualify under Oregon's state continuation law to continue their employer health plan, even if they turned this down once or started and stopped this coverage after they lost their job **and**
- Individuals whose employer remains in business and still offers insurance, **and**
- Have a modified adjusted gross income of less than \$125,000 (\$145,000 for joint filers). Individuals with more income can claim the subsidy but will have to repay part or all of the money through an increase in income tax liability for the year.
- Individuals who retire, lose their job because of gross misconduct, or quit their jobs are not eligible.

Who pays the 65 percent subsidy?

With State Continuation, **insurers** (not employers) will pay the 65 percent subsidy and apply for reimbursement from the federal government as outlined by the law and the Internal Revenue Service. Insurers must accept the 35 percent share of premium paid by the insured as payment in full for their premiums.

It is not clear yet whether the employer or the insurance carrier will be responsible for the notification to eligible past employees of the availability of the subsidy. By law, however, a notice must be done within 60 days of February 17, 2009. The carriers are still in the process of reviewing the law. Therefore, final word from the carriers is still pending regarding this matter. From what we have heard so far, the carriers will be sending written notification to the employers within the next 7 to 10 days which will outline their process and what the employer role will be. Therefore, it is important that you open and review all mail carefully so that you will know what your requirements will be in this process.

Unlike COBRA, Oregon State Continuation coverage provides for a maximum of six months of continuation coverage from the date the coverage terminated. Therefore, the maximum subsidy currently will be for only six months, not nine as with COBRA. Employees who are paying for State Continuation as of February 17, 2009, are eligible for a subsidy only for the remainder of their six months.

At this time, we recommend that you review your involuntary employee terminations from September 1, 2008 to date in order to evaluate if you have any past employees who will be eligible for the subsidy. By doing this at this time, you will be prepared to either forward these individuals notification of their right for a subsidy, or, to notify the carrier of those whom they will need to notify. The carriers will be clarifying for you which approach they will be requiring once they send out their notifications to you.

A word about Washington State. Washington State does NOT have continuation for employees who are not subject to Federal COBRA, such as those with fewer than 20 employees. Therefore, affected individuals are not able to access premium assistance.

In addition, the Oregon Insurance Division has submitted emergency legislation to extend Oregon State Continuation from six to nine months so that Oregonians can take full advantage of premium assistance. In addition, they are proposing a special election period that will allow those who were involuntarily terminated after September 1, 2009, but, did NOT take Oregon State Continuation, to enroll at this time as the Federal COBRA provisions are allowing. In this way, many more people will be able to acquire coverage that they previously could not afford. There is no way to know if these provisions will be adopted, or, how long it will take for them to be enacted. But, if these changes are adopted, the carriers will be notifying you of these additional provisions.

If you have any questions, please don't hesitate to let us know.

Thanks,

Sharon Greenberg and Adrienne Hutchins