

COBRA: Recently Asked Questions

Question: If an employer started their COBRA services with OptumHealth Financial Services on 1/1/2010, how can OptumHealth Financial Services help us address the COBRA Qualified Beneficiary that had their respective 9-month ARRA 65% subsidy expire 11/30/09?

Answer: For 1/1/10 effective dates that are currently at OptumHealth Financial Services as of 1/11/10, we will handle the notifications. However, employers will need to provide us with mailing information for individuals whose subsidy was exhausted in November and their coverage terminated in December.

For any employers whose COBRA administration is implemented for an effective date of 2/1/10 or later, or for employers whose COBRA Set-Up Forms are not yet submitted to OptumHealth Financial Services, but request a 1/1/10 effective date, the new required notices resulting from DoDAA should be handled by their previous COBRA administrator.

Question: When do you anticipate sending the new required notices to the impacted Assistance Eligible Individuals (AEIs) that could be eligible for the additional 6-month COBRA subsidy extension? Is there a required deadline for OptumHealth Financial Services or an employer to send these notices to the AEI's? ?

Answer: The notice needs to be sent by 1/30/10 for any AEI whose 9-month COBRA subsidy was exhausted at the end of November 2009, whether the COBRA participant is still active and paying 102%, or cancelled their COBRA as of 11/30/09. Notices to Pending and AEI enrolled must be sent by 2/17/10. OptumHealth Financial Services will be sending out all required notices, including new payment coupons when applicable, as soon as possible but no later than 1/30/10.

Question: How much time does a COBRA AEI have to pay their December COBRA premium if they missed their COBRA 30-day grace period?

Answer: The provision for the extension to pay the December COBRA premium is ONLY for people whose subsidy was exhausted prior to the December 19, 2009 enactment of the extension. For COBRA participants' whose subsidy was exhausted at the end of November, OptumHealth Financial Services must send notice by 1/30/10. The participant must pay the required premium by 2/17/10, or within 30 days from the notice date, whichever is later.

Question: If a COBRA AEI paid 102% of their Dec 2009 and/or Jan 2010 COBRA premiums, when and how will OptumHealth Financial Services credit, refund, or inform them of their right to pay 35% if they are still an Assistance Eligible Individual?

Answer: Informing them is part of the appropriate notice, which will be sent to COBRA participants by 1/30/10. Our standard policy is to provide them with credit toward future COBRA premiums. If the COBRA participant later cancels their coverage and has a remaining credit, that credit will be refunded to them.

Question: If a COBRA AEI stopped paying their COBRA premium after November 30, 2009, the date their original 9 months of ARRA subsidy expired, and now they want to take advantage of the ability to pay 35% for 6 more months, what will OptumHealth Financial Services do if this person mails in their 35% COBRA premium check for December 2009 post-marked after the 30 day grace period?

Answer: OptumHealth Financial Services would accept their payment because of the provision which extends their period to pay their December premium.

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Question: When will OptumHealth Financial Services have samples of the 5 required new notices available for us, as clients, to review?

Answer: Your experts at OptumHealth Financial Services will handle all the details of reviewing and approving the communications. A copy of the final notices will be emailed to clients for your information and reference. They will be posted on our plan sponsor Website at www.ohfsbenefitaccess.com as well. Please be aware that although there are 5 groups that require notifications, it is unlikely that there will be 5 different notices. We may be able to use the same notice for more than one group.

Question: If a COBRA AEI chose to stop paying their COBRA premiums after 11/30/09 and they pursued an Individual Health Policy which went into effect 12/1/09, can this person request to be reinstated on their COBRA effective 12/1/09 and pay the appropriate 35% of the premium?

Answer: Yes, as long as their original 9-month subsidy was exhausted prior to the 12/19/09 enactment of the extension. Note that access to individual policies does not make an individual ineligible for the COBRA subsidy. However, eligibility for group health coverage or Medicare will end an individual's eligibility for the subsidy.

Question: We have less than the 20 employees required by the Federal COBRA Regulations and our health plan is fully insured, and is, therefore, subject to the continuation laws of our state. How will this extension affect the state laws?

Answer: Our understanding is that, in general, the Federal COBRA subsidy extension continues to apply to state continuation coverage as it did when ARRA was passed 2/17/09. It is unclear whether additional state action is required in order to provide state continuees with the ability to be reinstated if they failed to pay their December 2009 premium. Following the passage of the DoDAA COBRA subsidy extension on December 19, 2009, many states are evaluating the impact on their state continuation provisions. Additional information will be provided as it becomes available. We encourage employers to reach out to their respective carriers or state regulatory authorities to seek clarification.

OptumHealth Financial Services is following COBRA legislation closely and will continue to provide updates as changes or additional clarification occurs.

Additional information and guidance is also available on the Department of Labor web site: www.dol.gov/COBRA or by calling Employee Benefits Security Administration at 866-444-3272.

You may also contact OptumHealth Financial Services with additional questions or to request a proposal for our COBRA Administration solution.

Please contact us at **866-427-6804** or by email at engage@optumhealthfinancial.com.