



NEW COBRA & MINI-COBRA SUBSIDIES

Critical Information for Involuntarily Terminated Workers

A Utah Health Policy Project *Policy Alert*

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Overview

Utah has one of the lowest unemployment rates in the country (5.5%), yet the state is not immune to the recession. From December to February 8,500 jobs were lost. Knowing that many Americans are losing their jobs due to the recession and that COBRA (Consolidated Omnibus Budget Reconciliation Act) can be unaffordable for most people, the *American Recovery and Reinvestment Act (ARRA)* included a subsidy for laid-off workers. **Now, people who were involuntarily terminated between September 1, 2008 and December 31, 2009 are eligible for a 65% premium subsidy for up to 9 months.**

To take advantage of the new COBRA subsidy, laid off workers must sign up ("elect") within 60 days of receiving notice from their insurer. Since the 60-day election period has already passed for workers who were terminated before February 2009, the ARRA created a second COBRA election period. This ensures that workers who were laid off between September 1, 2008 and February 17, 2009 have access to the subsidy. Yet this second election period only covers people who worked for a business of 20 people or more. Jurisdiction for small businesses (2-19 employees) falls to the states. States with mini-COBRA programs were given the option to extend this second election period to people involuntarily terminated after September 1, 2008. At the initiative of UHPP, the Utah Legislature ensured employees laid off from small businesses could also take advantage of the second election period by passing HB178 Health Insurance and Program Amendments. The second election period is also for a limited time only (*see important dates in sidebar*): if you or someone you know is eligible for the second election period and subsidy, you must ACT NOW!

Links and Numbers for Further Information

- The Utah Insurance Department's new Q&A detailing important dates and information can be found [here](#).
- Also, [click here](#) for a FAQ from the Congressional House Way and Means committee.
- The Office of Consumer Health Assistance in the Utah Insurance Department at 801-538-3077 or 1-800-439-3805.
- The Department of Labor's Employee Benefits Security Administration's Benefits Advisors at 1-866-444-3272. Or go to www.dol.gov/COBRA.

Frequently Asked Questions

What is COBRA?

Implemented by the federal government in 1985, COBRA, (Consolidated Omnibus Budget Reconciliation Act) gives employees (in firms with 20 or more employees) the ability to continue their employer-sponsored health benefits for up to 18 months if they become uninsured due to circumstances such as job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events. Ordinarily, the COBRA-eligible employee is responsible for 100% of the cost plus a 2% processing fee.

What is mini-COBRA?

Since COBRA only covers larger employers, some states have created mini-COBRA laws that extend employer sponsored coverage to eligible terminated employees in firms with 2-19 employees. Utah is one of 39 states with mini-COBRA laws.

What is the ARRA?

The ARRA, American Recovery and Reinvestment Act, is the federal stimulus package passed by Congress in February.

Important Dates and Deadlines

To take advantage of the second election period you must:

- Contact your employer or insurer, if eligible for mini-COBRA, by **April 18, 2009** and have your paper work in by **May 1, 2009**.
- Elect coverage, if eligible for COBRA, **within 60 days** of receiving notice.