



March, 2009

Dear Employer,

Thank you for your membership in Fallon Community Health Plan. Our records indicate that you may have 19 or fewer eligible employees, and are affected by changes under the American Recovery and Reconciliation Act of 2009 (ARRA).

Effective February 17, 2009, the law requires employers and FCHP to comply with a new federal subsidy of COBRA health insurance premiums to employees who are **involuntarily terminated**. These "**assistance eligible individuals**" (**AEIs**) are eligible for a federal subsidy of 65% of the cost of COBRA coverage, and will only be responsible for the remaining 35%.

Fallon Community Health Plan will be responsible for paying 65% of COBRA premiums for involuntarily terminated employees that belong to employer groups subject to the state "mini-COBRA" law (2 to 19 eligible employees). FCHP will be reimbursed quarterly when we file for the federal payroll tax credit. Involuntarily terminated employees are eligible to receive the subsidy for up to 9 months, or until they are eligible for coverage under another group health plan, or under Medicare.

Regardless of group size, employers are required to notify all individuals who have had a COBRA qualified event on or after September 1, 2008, of the new subsidy within 60 days of the enactment date (February 17). Employers with 19 or fewer employees are not eligible to offer the new subsidy to those employees who were terminated between September 1, 2008, and the enactment date and did not elect COBRA at that time, or had elected COBRA and let it lapse prior to the enactment date.

FCHP requests the following from employers with 2-19 eligible employees:

- A **list of AEIs**, including their date of termination
- The COBRA health insurance **premium amount** you, the employer, have been charging the AEIs (including the administrative fee of up to 2%)
- A copy of all **subsidy waivers** for those AEIs who choose to waive their subsidy rights
- FCHP requests **attestations** for all involuntary terminated AEIs, along with other supporting documentation as necessary based on IRS guidelines.
(See RD-7 at www.irs.gov/newsroom/article/0,,id=205376,00.html)

The waiver and attestation form, along with other important COBRA information, can be found on our Web site at fchp.org/Extranet/Employers/cobra-subsidy.htm. We ask that you return the requested information and completed forms in the manner that you currently submit enrollment/transaction forms to FCHP. Please do this in a timely manner that corresponds with COBRA guidelines.