

# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

## NEWS RELEASE

### FOR IMMEDIATE RELEASE

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### **Insurance Department Provides Information on Recently Enacted Federal Cobra Law**

LITTLE ROCK, ARKANSAS (March 17, 2009) —The Arkansas Insurance Department is ready to assist Arkansans with questions they may have about COBRA and other state group continuation coverage for workers who lose or may have lost their jobs. Insurance Commissioner Jay Bradford announced today.

President Barack Obama signed the American Recovery and Reinvestment Act, commonly referred to as the Stimulus Plan, into law on February 17, 2009. The new law provides a subsidy that may reduce by 65% the cost of COBRA and other state group continuation coverage for workers who lose their jobs.

According to Bradford, any Arkansan who is not sure where to turn for health care coverage information during these turbulent economic times should feel free to contact the Consumer Services Division of the Arkansas Insurance Department for information. “We are here to help consumers with this and any other insurance related matter,” said Bradford.

The new law could provide the following benefits for eligible workers who have lost their jobs:

- The bill provides a 65% subsidy for COBRA continuation premiums for up to nine (9) months for workers who have been involuntarily terminated, and for their families.
- This subsidy also applies to health care continuation coverage if required by “comparable” state mini-COBRA laws.

(MORE)

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- Eligible individuals simply pay 35% of the premium. The receiver of the premiums (health insurer or employer) then deducts the other 65% from its payroll liability.
- To qualify for premium assistance, a worker must be involuntarily terminated between September 1, 2008, and December 31, 2009.
- The subsidy would terminate upon offer of any new employer sponsored health care coverage or Medicare eligibility.
- Workers who were involuntarily terminated between September 1, 2008, and enactment—but failed to initially elect COBRA because it was unaffordable—would be given an additional 60 days to elect COBRA and receive the subsidy.
- Participants must attest that their same-year income will not exceed \$125,000 for individuals and \$250,000 for couples filing joint tax returns. Spouses, former spouses, and dependent children are eligible for premium assistance if their coverage is through the former employee who was involuntarily terminated. However, individuals receiving continuation coverage due to a qualifying event other than involuntary termination, such as divorce or a child reaching the age at which coverage ends, are not eligible for premium assistance. If an individual takes advantage of the subsidy and in the same year exceeds the income limit, he or she must repay the subsidy.

Individuals who lose group health coverage because of an involuntary termination (“former employees”) between September 1, 2008 and December 31, 2009 are eligible for a 65% federal subsidy of their federal COBRA premiums for up to 9 months or Arkansas continuation coverage premiums for up to 120 days.

Employers are required to send a notice to former employees so that former employees can elect to continue their group coverage and receive the subsidy. Former employees will have from the first day they are eligible until 60 days after receiving the notice to enroll. Further details about enrollment will be provided by the federal Department of Labor. For the most up-to-date information, contact the Department of Labor at 1-866-444-3272 or visit [www.dol.gov/ebsa/COBRA.html](http://www.dol.gov/ebsa/COBRA.html).

Arkansas consumers with concerns or questions about their insurance may call the Arkansas Insurance Department’s Consumers Services Division at 1-800-852-5494 or visit the Department’s Web site at [www.insurance.arkansas.gov](http://www.insurance.arkansas.gov).

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