

COBRA Premium Assistance Process for UW System Institutions
(Revised 7/16/10)

History of the COBRA Premium Assistance Program

Under the original ARRA COBRA Premium Assistance program, employees who involuntarily terminated employment during the period of September 1, 2008 and December 31, 2009 who elected COBRA coverage effective on or before December 31, 2009, were eligible for up to 9 months of up to a 65% employer-paid COBRA subsidy.

Federal legislation was passed as part of the 2010 Department of Defense Appropriations Act in December 2009 to extend the program to include involuntary terminations of employment through February 28, 2010 and increase the premium assistance eligibility period to 15 months. COBRA coverage could be effective after February 28, 2010 but the "COBRA-qualifying event" (the involuntary termination of employment) had to occur on or before February 28, 2010.

On March 2, 2010, the Temporary Extension Act of 2010 expanded the program to include employees who involuntarily terminate employment through March 31, 2010. The extension also expanded the definition of an "Assistance Eligible Individual" to include anyone who experienced the qualifying event of a reduction in hours (that caused the employee to lose eligibility for insurance) between September 1, 2008 and March 31, 2010 **and** had an involuntary termination of employment on or after March 2, 2010 but by March 31, 2010. Employees in this expanded group are given a 60 day COBRA enrollment window (from the date of termination) to enroll in COBRA if they did not enroll in COBRA when eligibility was lost (or enrolled but have let coverage lapse).

On April 15, 2010, the Continuing Extension Act of 2010 expanded the program once again to include involuntary terminations through May 31, 2010.

Anyone who terminates employment on or after June 1, 2010 is not eligible for COBRA premium assistance. Employees who terminated employment on or before May 31, 2010 who were approved for COBRA premium assistance will continue to receive assistance until the end of their 15-month eligibility period or until they are eligible for other coverage or Medicare, whichever is earlier.

Determining the COBRA Subsidy Eligibility Period

In coordination with ETF, the following is a description of the COBRA eligibility and premium assistance eligibility periods as it pertains to health insurance.

An employee's termination date is the qualifying event that creates a COBRA enrollment opportunity. Federal COBRA law is 18 months long, beginning from the qualifying event – termination. Under State Group Health, employees are eligible to continue coverage for 36 months from the termination date – the first 18 months is considered federal COBRA coverage and the remaining 18 months is continuation coverage provided by specific contract provisions. Given that health insurance is paid two months in advance of coverage, these two months count against the 18 months of federal COBRA coverage.

Employees are only eligible to receive the COBRA subsidy if they are within their 18 month federal COBRA eligibility period that begins with the termination date. The fifteen month COBRA subsidy eligibility period begins when coverage paid for as an active employee ends (approximately two months after termination). If an employee is laid off, s/he is eligible for an additional three months of employer contribution towards health insurance but these three months are counted against the COBRA subsidy eligibility period. If a laid off employee opts to use sick leave credits to pay for health insurance, these months will also count against the COBRA subsidy eligibility period. If a laid off employee exhausts all

sick leave credits and is still within the 18 month federal COBRA period **and** the 15 month COBRA subsidy eligibility period, the employee is eligible to receive COBRA premium assistance for the remainder of the subsidy eligibility period.

Special Provision for Employees Who Have a Reduction In Hours and Lose Insurance Eligibility

In rare cases, an employee may have a reduction in hours that makes the employee ineligible for insurance coverage. The most common occurrence would be someone in a Student Assistant, Employee-in-Training or Short-Term Academic Staff position not covered by the WRS who drops below the minimum FTE threshold for benefit eligibility.

An employee does have the option to elect COBRA in this situation because the reduction in hours is a COBRA-qualifying event. However, the employee is **NOT** eligible for premium assistance while still employed by UW System. If an employee has concurrent appointments and one appointment ends and the employee loses eligibility for insurance because the employee's total FTE drops below the minimum threshold for benefits eligibility, and the employee still works in a smaller FTE (not benefits eligible) appointment, the employee is **NOT** eligible for COBRA premium assistance. An employee becomes eligible for COBRA premium assistance effective the first COBRA coverage month **AFTER** an involuntary termination of **ALL** UW System employment.

If the employee did not elect COBRA and the reduction in hours occurred at any time from September 1, 2008 through May 31, 2010 and the employee involuntarily terminated employment on or before March 2, 2010 but by May 31, 2010, the employee is given a 60 day COBRA enrollment window from the termination date.

The COBRA eligibility period begins from the original qualifying event of the reduction in hours. If the termination is after the reduction of hours, any months between the reduction of hours and termination date will count against the 18 month federal COBRA period. The employee will be eligible for the COBRA subsidy for the remainder of the 18 month federal COBRA period.

Contact Nicole Zimm or Beth Ritchie if you have employees in this situation. We will need to work with ETF and other vendors so they are aware of the new enrollment opportunity.

Institution Responsibilities

1. **Send COBRA Premium Assistance packet to all COBRA-eligible employees who terminate employment on or before May 31, 2010. This includes employees who are COBRA-eligible upon termination or if eligibility for coverage is lost (due to a reduction in hours, divorce, dependent child age...).**
 - a. Effective March 2, 2010, COBRA-eligible employees include employees who had a reduction in hours that caused them to lose benefits eligibility prior to their termination date who have a termination of employment at any point from March 2, 2010 through May 31, 2010.
 - b. Even if you know the employee is not eligible for COBRA premium assistance but is eligible for COBRA, the law requires that you send the employee the full [COBRA packet](#).
 - c. Per ETF guidance, retirees are NOT eligible for COBRA and should not be sent the COBRA packet. Retirees are eligible for retiree continuation of benefits (lifelong continuation) and this is not COBRA continuation. If a retiree elects to not continue benefits through retiree continuation, it's deemed a voluntary cancellation of coverage. A voluntary cancellation of coverage is NOT a COBRA-qualifying event.
 - d. Complete the cover letter of the COBRA packet
 - Enter the employee's identifying information
 - Enter the plan name and coverage level of the benefits that the employee is eligible to continue.

- e. Complete the [State Group Health COBRA/Continuation form](#)
 - Enter the employee's identifying information
 - Complete the employer section in full
 - f. Enter the coverage paid through date in the employer section of the Anthem DentalBlue [continuation form](#).
 - g. Enter the date the form was mailed to the employee and the coverage paid through date on the EPIC [continuation form](#).
 - h. VSP Vision Insurance: Enter whether or not the termination was voluntary on the top of the [continuation form](#). Complete the "For Office Use Only" section on the bottom of the application (complete all fields except "Deduction Code").
 - i. Include the appropriate premium rate sheet in the packet ([WRS](#) or [Grad](#)).
- 2. Use the Excel template provided** (available on COBRA subsidy [website](#)) **to track all employees to whom you send the COBRA packet. The following information must be entered:**
- a. Name, SSN and Person ID of employee
 - b. Termination date
 - c. Address where notice was sent
 - d. Date the COBRA packet was sent to the employee
 - e. A paper or electronic copy of the cover letter that was sent to the employee (do not need to retain a copy of the entire packet)
 - f. If the employee applies for COBRA premium assistance, enter either a "Y" or an "N" in the "Eligible for subsidy" column.
 - g. If the employee carries a family policy and one or more of the dependents are NOT qualified beneficiaries/eligible for premium assistance, enter a "Y" in the "Ineligible Dependents" column and add the dependent's name and relationship in the "Comments" field.
 - h. If one or more of the employee's dependents is electing their own/single coverage, enter a "Y" in the "Dep Cont Only" column. Enter the dependent's name and relationship in the "Comments" field.
 - i. If the packet is returned undeliverable, enter this information in the "Comments" field. If the packet is returned with a forwarding address, forward the packet to the new address. If there is no forwarding information, no further action is required.
- NOTE:** You may be asked to provide this information to the UW Service Center in the event of an audit of our process. Please use the template provided because the Service Center will need the information in the same format from everyone so it can be easily imported into a database.
- 3. Track all employees who terminate employment after May 31, 2010.**
- a. If the COBRA premium assistance provisions are extended, we will need to contact all former employees who previously were not eligible for premium assistance.
- 4. Receive completed forms from employees. The forms will include all or some of the following:**
- a. Request for Treatment as an Assistance Eligible Individual (ET-2314 UWS)
 - b. COBRA continuation forms (State Group Health, Anthem DentalBlue, EPIC, VSP Vision, as applicable)
 - c. Enrollment applications for any plans where the employee changes plans (can change plans under health and Anthem DentalBlue only) or coverage level or a dependent is enrolling in own policy.
- 5. Ensure that forms are completed correctly and all needed forms have been received.**
- a. Request for Treatment as an Assistance Eligible Individual

- This form must be completed if the employee (or dependent) is applying for COBRA premium assistance.
 - Employee must answer all 5 questions in Section B and sign the form.
 - If the employee wants to receive COBRA premium assistance to cover dependents while on COBRA, **the employee must complete back of form for all eligible dependents and answer all questions for each dependent.**
- b. COBRA continuation forms – must have a completed form for any benefit plan that the employee (or dependent) wants to continue. If the employee is continuing family coverage, only one completed COBRA form is needed for each plan.
- c. Benefit applications
- Employee must submit an enrollment application if changing coverage level and/or to a lower cost State Group Health or Anthem DentalBlue plan.
 - An employee does have the right to change to any health plan, including a higher cost plan, within 30 days of a move from the service area. The employee is still eligible for COBRA premium assistance.
 - If a dependent is applying for his/her own coverage, the dependent must submit an enrollment application
- d. If employee does not submit one or more forms and/or does not fill out form(s) correctly, follow-up with employee so corrections can be made.

6. Complete the employer portion of submitted forms

- a. Request for Treatment as an Assistance Eligible Individual – complete entire employer section
- b. State Group Health Continuation/Conversion Notice
- The employer section was not completed for former employees who received the initial mailing from the Service Center (terms between Sept 1, 2008 and Feb 28, 2009) so you will need to complete the employer section upon receipt.
 - For all terminations March 1, 2009 and forward, you must complete the employer section before the form is mailed to the employee
- c. Anthem DentalBlue Continuation form: For Employer Use Only section: complete all information
- d. EPIC Continuation form: Payroll Administrators Use Only section: complete all information
- e. VSP Vision Insurance: Confirm “For Office Use Only” section is complete.
- f. Enrollment applications (if applicable) – initial and enter a date in the date received field.

7. If employee (or dependent) is eligible for COBRA premium assistance

- a. Return copy of the completed Request for Treatment as an Assistance Eligible Individual form to the employee.
- b. Send a completed “Instructions for Submitting Payment for COBRA Premium Assistance ([UWS 90](#))” notice to the employee. Send a copy of the completed UWS 90 to the UW Service Center as well.
- Enter the plan name and coverage level of the benefit plans that the employee wants to continue.
 - Determine eligibility of dependents – if one or more of the employee’s dependents is not eligible for COBRA premium assistance (e.g. continued family coverage includes a domestic partner, stepchild...); you should still send this form but indicate why the dependent is not eligible.
 - Indicate employee cost to continue coverage – if you have questions regarding how to calculate the employee’s portion of the premium, contact Beth Ritchie or Nicole Zimm.

How to submit continuation forms and applications (if applicable) to benefit plans:

- **Health Insurance** - fax Request for Treatment as an AEI and continuation form (and application if applicable) to ETF at 608-266-5801
 - **Anthem DentalBlue** - fax continuation form (and application if applicable) to Anthem DentalBlue, Attn: Christy Mathews at 513-770-7360
 - **EPIC** - Fax continuation form to EPIC at 1-800-236-7610 or 608-223-2159
 - **VSP Vision** – fax continuation form to “VSP COBRA” at 916-463-9031
- c. Fax or mail copies of all forms that the employee submitted and a copy of the completed UWS 90 to the UW Service Center.
- If you fax the forms, address the fax to **UW Service Center, Attn: COBRA Subsidy** (fax to 608-262-8436)
 - If you send forms via mail, enclose them in a separate envelope addressed to **UW Service Center, Attn: COBRA Subsidy**
 - Keep all original documents at your institution
- d. Add approval information to tracking document

8. If employee (or dependent electing their own policy) is NOT eligible for COBRA premium assistance but is eligible for COBRA continuation

- a. Return copy of the completed Request for Treatment as an Assistance Eligible Individual form to the employee.
- b. Send a completed Denial of Your Request as Treatment as an Assistance Eligible Individual ([UWS 91](#)) to employee.
- c. Fax all completed continuation forms (and applications if applicable) to appropriate carriers (see carrier contact information above) – you are to assume that the employee still wants to continue coverage on COBRA even if not eligible for premium assistance.
- d. You do **NOT** send copies of continuation forms and applications to UW Service Center.
- e. Add denial information to tracking document – add reason for denial in “Comments” field.

9. If an employee sends premium payment to institution in error

- a. Forward payment and bill from carrier to UW Service Center.
- b. Send payment and bill in an envelope addressed to **UW Service Center, Attn: COBRA Subsidy**.

10. You will be able to verify receipt of payment by the Service Center on the Prepayment System, under the COBRA section within 5 business days.

11. **If an employee submits a Participant Notification ([UWS 92](#)) form to you indicating that he/she is no longer eligible for premium assistance**, fax a copy of the form to the Service Center to ensure that they do not process any future payments for the person.

12. If you have eligibility questions, contact Beth Ritchie at 608-265-5150 / britchie@uwsa.edu or Nicole Zimm at 608-265-5088 / nzimm@uwsa.edu.

13. If you have questions about the receipt of a payment, contact Paul Leverentz at 608-262-6116 or via email at pleverentz@ohr.wisc.edu. If Paul is unavailable, please send an email to sc-benefits@ohr.wisc.edu.

Employee Responsibilities

- 1. Return forms to institution to request treatment as an AEI

2. Send money order or cashier's check made payable to "University of Wisconsin" for premium(s) to UW Service Center along with copies of the premium bill(s).
 - a. The Service Center will NOT accept a personal check – the employee must pay with cash, cashier's check or money order. This applies only to employees eligible for COBRA premium assistance, not active employees paying for benefits through the prepay system.
 - b. The employee may combine premiums for different plans in one check.
 - c. The employee may combine premiums for multiple people in one check (e.g. multiple people within a family take a single policy)
3. Notify institution and the benefit plan of any changes in eligibility
4. Exercise appeal rights if appropriate

Service Center Responsibilities

1. Process employee payments
 - a. Confirm that employee payment is correct
 - b. Add employer share of premium
 - c. Remit check for total premium to vendor(s)
2. Enter payment in Prepayment System so institution can view status of payment and review when full payment has been sent to vendor(s)
3. Track fifteen-month eligibility and notify the employee when eligibility for premium assistance will end and how to continue benefits beyond that date.
4. Process refunds for employees who paid full COBRA premiums when eligible for the subsidy.
5. Send an electronic not taken report to institutions after every payroll calc to ensure that institutions are aware of employees who have missed deductions due to termination.
6. Coordinate with ETF who is currently on COBRA and manage the refundable amount
7. Manage the 65% of premium and apply credit to the quarterly employment tax return (Form 941)

ETF

1. Receive faxes for regular COBRA and Health Insurance applications if changing plan or coverage level
2. Remit COBRA enrollment information to health plan

Insurance Carrier

1. Process COBRA enrollment
2. Generate and mail billing invoice to employee – bill will be for 100% of premium
3. Receive payment