



January 2010

UPDATED COBRA AND WISCONSIN CONTINUATION PREMIUM REDUCTION INFORMATION

Physicians Plus Insurance Corporation is sending this information to inform you of the American Recovery and Reinvestment Act of 2009 (ARRA) specifically related to COBRA AND WISCONSIN CONTINUATION.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for premium reductions and additional election opportunities for health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly called COBRA. Eligible individuals pay only 35% of their COBRA or Wisconsin Continuation premiums and the remaining 65% is reimbursed through a *payroll tax credit**. The premium reduction applies to periods of continuation health coverage beginning on or after February 17, 2009 and lasts for up to 15 months for employees *involuntarily terminated* from employment and eligible for COBRA or Wisconsin Continuation during the period beginning September 1, 2008 and ending February 28, 2010.

The collection of these tax credits will be the responsibility of:

- *Large Group (20+ employees): If you are a group with 20 or more total employees you will be responsible for collecting the subsidy tax credit on your payroll taxes;
- *Small Group (2-19 employees): If you are a group with under 20 total employees Physicians Plus is required to collect the 65% subsidy tax credit for members eligible for the subsidy under State Continuation when their portion or ***35% of the premium is paid to the employer.***

Please note: Physicians Plus does not determine eligibility or issue election notices for COBRA or State Continuation; this continues to be the responsibility of the employer. You should continue your normal procedures with the exception of the special requirements and special continuation election forms found on the Department of Labor website at www.dol.gov/COBRA.com. If you are not familiar with the requirements of this new law please contact your agent/broker, COBRA Administrator or the Wisconsin Department of Workforce Development at (608) 266-3131.

LARGE AND SMALL GROUP: If a member elects coverage under the subsidy please send the *completed* application with the Subsidy election form to Physicians Plus enrollment department. When identified we will set up a separate division to clearly identify members eligible and electing coverage under the premium reduction. We will bill the group 100% of the premium for this division and offer a credit to small groups when the subsidy is filed by Physicians Plus. **NOTE:** For small groups (under 20) the member and the group will only pay 35% of the monthly premium for those eligible for the premium reduction.

SMALL GROUP: Since Physicians Plus will be collecting the 65% tax credit for members eligible for the subsidy it is **VERY IMPORTANT** that the employer group keep us informed of payment and eligibility for members eligible for this premium reduction. **PLEASE** contact Physicians Plus immediately if a member does not pay their portion of the premium.

If you have any questions regarding this process,
please contact your Account Executive at Physicians Plus.