



Advisory Bulletin

March 30, 2009

American Recovery and Reinvestment Act of 2009

Notice #4

It has been approximately six weeks since the President signed the American Recovery and Reinvestment Act (ARRA), also known as the 2009 Economic Stimulus Plan. The ARRA legislation made several important and significant changes to COBRA .

Benefit Strategies has provided information on this law as it relates to COBRA in three previous Advisories posted on February 17 and 25, and March 10. This Advisory is being provided to advise our COBRA clients of the process we will use to re-notify PQB's of their new rights under the ARRA law.

For more information, please refer to previous Advisories available on our website:
www.benstrat.com/news_advisories.html

The IRS and Department of Labor have also provided information on their websites about the new law and COBRA requirements:

www.dol.gov/ebsa/cobra.html There are several items of interest here and information for both employers and employees. Model COBRA notices written by the DOL were posted on this site last week. There is also a 2 hour COBRA ARRA Compliance Webcast that may be accessed to learn more.

www.irs.gov

Current Action Plan for COBRA Clients

1. COBRA Software Update Recieved- Benefit Strategies received the update to our COBRA software this weekend. We will begin the process of re-notifying PQB's of their new rights under ARRA on Wednesday after the March month-end processes are complete.

2. ARRA Re-notification Letter- We have posted a sample of the ARRA notification letter on our website at: www.benstrat.com/news_advisories.html.

In addition to the items posted, PQB's will also receive additional enrollment forms and premium computation forms. The entire package to be generated for most PQB's will be

approximately 12 pages long.

We want to discourage clients from requesting changes to the letters due to the short time-frame we have to complete this process. All letters must go out before April 18th to meet the ARRA deadline.

3. Who must be notified?- In February, we sent our clients the names of people who had been issued a COBRA notice since 9/1/2008. Most of our clients have reviewed these lists for completeness, and let us know if an individual was terminated voluntarily or involuntarily.

Since these lists were sent out, there have been many legal opinions as to who must be notified. Very conservative opinions recommended notifying ALL PQB's regardless of the qualifying event. A more moderate stance was published on the DOL model notice last week. They stated that the re-notification letter needed to be sent to "qualified beneficiaries who are or would be an Assistance Eligible Individual... with a qualifying event that occurred during the period from September 1, 2008 through February 16, 2009".

4. New List of PQB's- The ultimate responsibility of deciding who should be re-notified will be left up to our Client. As part of our re-notification process we will send an updated list of the names of people who our system determined were potentially eligible to be re-notified. We will compare this new list to the prior list returned to us by the Client (if applicable) and immediately send out the letters to those we have been authorized to re-notify. Clients will be given the opportunity to authorize us to send out additional letters.

5. Post-Notification Process - Once PQB's have been re-notified, they will begin the process of applying to be treated as an Assistance Eligible Individual and enrolling in COBRA. We will work with Clients to ensure that only people who have been terminated involuntarily are allowed to enroll. Additional information and reports will also be provided.

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