

CHARLES A. LEFEVRE
JOHN P. HARTWIG
LAWRENCE F. RANISZESKI
MICHAEL J. O'SHAUGHNESSY
ERIC R. BOWDEN
ALYCIA P. WESLEY

A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS AT LAW
40701 WOODWARD AVENUE, SUITE 50 • P.O. BOX 2028
BLOOMFIELD HILLS, MICHIGAN 48303-2028
(248) 645-9300 • FACSIMILE (248) 645-5418
WWW.COLOMBOPC.COM

LOUIS J. COLOMBO (1883 - 1959)
LOUIS J. COLOMBO, JR. (1911 - 1979)
FREDERICK COLOMBO (1916 - 1999)

OF COUNSEL
JAMES H. HUDNUT
DAVID J. WELLMAN, P.C.

A MEMBER OF *LEGUS* INTERNATIONAL NETWORK OF LAW FIRMS

NOTICE TO DEALERS

RE: MODEL COBRA NOTICES

The Department of Defense Appropriation Act (“DOD Act”) requires that employers send out notices to certain current and former participants and beneficiaries about the changes made to the American Recovery and Reinvestment Act of 2009 (ARRA), which provides premium reductions for health benefits under COBRA, among other things. The Department of Labor (DOL) issued model notices to use in notifying individuals of these changes. The model notices can be retrieved from the DOL’s website at <http://www.dol.gov/ebsa/COBRAmodeInotice.html#>.

The model notices are described by the DOL as: (1) Updated General Notice, (2) Premium Assistance Extension Notice, and (3) Updated Alternative Notice¹. Each of these model notices is designed for a certain group of individuals relating to the changes implemented by the DOD Act.

The **Updated General Notice** must be sent to a covered employee and his/her spouse and dependent children if the covered employee experienced a qualifying event between September 1, 2008, and February 28, 2010, and if a general COBRA election notice was not already sent. Additionally, employers must send the Updated General Notice to those individuals who experience a qualifying event after December 19, 2009, within the traditional time frame for sending out the COBRA election notice. The Updated General Notice contains not only updated information regarding the premium reduction, but also the information regarding COBRA election in general.

For those qualified beneficiaries who already received a COBRA election notice but did not receive the information regarding the amendments to the ARRA, employers must send the **Premium Assistance Extension Notice** as follows:

- No later than February 17, 2010, to an individual who was eligible for the premium reduction as of October 31, 2009 (except if they are in a transition period), or who experienced a termination of employment on or after October 31, 2009, and lost health coverage.

¹ The third notice issued by the DOL is only applicable to continuation coverage under State law, which is not applicable to Michigan.

- To eligible individuals within 60 days of the first day of the “transition period”. An individual’s “transition period” begins immediately after the end of the nine months of subsidy which was in effect under the ARRA (prior to the amendments made by the DOD Act), as long as the premium reduction provisions of the 2010 DOD Act apply due to the extension from nine to 15 months, and the individual otherwise remains eligible for the premium reduction.

You should contact your insurance plan administrator to confirm that it is complying with these new requirements. If it is not, or you have any questions regarding compliance, please contact a member of our Dealer Practice Group.

Very truly yours,

COLOMBO & COLOMBO

Dealer Practice Group

Charles A. LeFevre (Chair) John P. Hartwig
Lawrence F. Raniszkeski Michael J. O'Shaughnessy
Eric R. Bowden Alycia Pallach Wesley

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