



State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PENSIONS AND BENEFITS
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Director

April 9, 2009

TO: Participating SHBP and SEHBP Employers

FROM: Health Benefits Bureau

SUBJECT: COBRA and the American Recovery and Reinvestment Act (ARRA) of 2009 — Employee Notification

As you are aware, employers are required to provide a specific *COBRA Notice* to an employee and/or dependents who lose health coverage within 14 days of notification of a COBRA qualifying event. As indicated in our letter of March 11, 2009, ARRA has modified the contents of that notification. Employers are required to notify ALL employees (both those who voluntarily terminate employment and those involuntarily terminated) of the provisions of the ARRA. Employees who have a COBRA qualifying event from the date of our letter, March 11 through December 31, 2009, must be notified of the availability of the COBRA premium subsidy. Enclosed for your use are:

- *A revised Health Benefits COBRA Application;*
- *Summary of the COBRA Premium Reduction Provisions under the ARRA;*
- *Assistance Eligibility Request Form;* and
- *Assistance Eligibility Waiver Form.*

The above documents as well as Fact Sheet #30, *Continuation of New Jersey State Health Benefits Program Insurance Under COBRA* must be included in notifications to all employees and their covered dependents who have a COBRA qualifying event between March 11, 2009 and December 31, 2009. Fact Sheet #30 is currently being revised and will be available shortly. Please check the Division's Web site on a regular basis for the revised fact sheet. Until the fact sheet is updated, you may include the current fact sheet in the notification packet. Revised rate charts showing the reduced COBRA rates which include the 65% subsidy will also be available on the Division's Web site.

DIVISION OF PENSIONS AND BENEFITS ACTIONS

In our March 11th letter, we indicated that only employees who were involuntarily terminated needed to be notified of the COBRA premium reduction. Additional advice from the Department of Labor as well as the Internal Revenue Service has indicated that ALL employees who had a qualifying event since September 1, 2008, must be notified of the provisions of ARRA.

The Division of Pensions and Benefits will notify all employees who had a COBRA qualifying event on or after September 1, 2008 through March 11, 2009. Those notices are expected to go out no later than April 18, 2009. Members, who are currently enrolled in COBRA, will receive the *Summary of the COBRA Premium Reduction Provisions under the ARRA, Assistance Eligibility Request* form and the *Assistance Eligibility Waiver* form. Members who did not enroll in COBRA or enrolled and terminated COBRA coverage will receive those forms as well as the revised *Health Benefits COBRA Application*.

Assistance Eligible Individuals (AEI) who had a qualifying event on or after September 1, 2008 but who did not enroll in COBRA or enrolled but later terminated coverage have 60 days from the date of the Division's notification to enroll in COBRA and take advantage of the premium reduction. The effective date of COBRA coverage will be March 1, 2009. These AEIs will be instructed to contact their former employers in order to have their COBRA applications certified by the employer.

Once the Division's billing system has been modified, AEI's COBRA bills will be reduced retroactive to March 1, 2009. **Employers will not be expected to pay the difference in the reduced COBRA premiums.** The Division will pay the full premium and request reimbursement of the COBRA premium subsidy from the federal government.

ADDITIONAL INFORMATION

The federal Department of Labor is continually updating information concerning the ARRA. Please review their Web site regularly at: www.dol.gov/ebsa/COBRA.html.

The Internal Revenue Service has also updated their question and answer page for employers on its Web site at: www.irs.gov/newsroom.

The Division of Pensions and Benefits will also be updating its Web site with the revised fact sheet and rate chart but also a FAQ. Please check it regularly. General questions regarding COBRA coverage under the SHBP/SEHBP can be

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addressed to the Division of Pensions and Benefits, Office of Client Services by calling (609) 292-7524 or by sending e-mail to: *pensions.nj@treas.state.nj.us*.

Enclosures

Health Benefits COBRA Application

Summary of the COBRA Premium Reduction Provisions under ARRA

Assistance Eligibility Request Form

Assistance Eligibility Waiver Form