

SUMMARY OF THE COBRA PREMIUM REDUCTION PROVISIONS UNDER ARRA

The American Recovery and Reinvestment Act of 2009 (ARRA), which became effective on February 17, 2009 gives "Assistance Eligible Individuals" the right to pay reduced COBRA premiums for periods of coverage beginning on or after February 17, 2009. The reduced premium can last for a period of up to 15 months.

To be considered an "Assistance Eligible Individual" and receive reduced premiums you:

- MUST have a continuation coverage election opportunity related to an involuntary termination of employment that occurred at some time from September 1, 2008 through May 31, 2010;
- MUST elect the coverage;
- MUST NOT be eligible for Medicare; AND
- MUST NOT be eligible for coverage under any other group health plan, such as a plan sponsored by a successor employer or a spouse's employer.

◆ IMPORTANT ◆

If, after you elect COBRA and while you are paying the reduced premium, you become eligible for other group health plan coverage or Medicare you MUST notify the plan in writing. If you do not, you may be subject to a tax penalty. (See Form *COBRA 0409 EOC*)

Electing the premium reduction disqualifies you for the Health Coverage Tax Credit. If you are eligible for the Health Coverage Tax Credit, which could be more valuable than the premium reduction, you will have received a notification from the IRS.

The amount of the premium reduction is recaptured for certain high income individuals. If the amount you earn for the year is more than \$125,000 (or \$250,000 for married couples filing a joint federal income tax return) all or part of the premium reduction may be recaptured by an increase in your income tax liability for the year. If you think that your income may exceed the amounts above, you may wish to consider waiving your right to the premium reduction. For more information, consult your tax preparer or visit the IRS webpage on ARRA at www.irs.gov.

For specific information related to NYSHIP's administration of the ARRA Premium Reduction or to notify NYSHIP of your ineligibility to continue paying reduced premiums, contact:

New York State Department of Civil Service
Employee Benefits Division – COBRA Unit
Alfred E. Smith State Office Building
Albany, NY 12239

Telephone: 518-457-5754 (Albany area)
Toll-free: 1-800-833-4344 (U.S., Canada, Puerto Rico or Virgin Islands)

If you are denied treatment as an "Assistance Eligible Individual" you may have the right to have the denial reviewed. For more information regarding reviews or for general information about the ARRA Premium Reduction go to: www.dol.gov/COBRA or call 1-866-444-EBSA (3272).