

If you are a Wisconsin small employer with fewer than 20 employees, this notice applies to you.

If you are a Wisconsin employer to which federal COBRA applies, please disregard this notice.

IMPORTANT INFORMATION REGARDING RECENT CHANGES TO WISCONSIN CONTINUATION AND THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, (ARRA) AS AMENDED DECEMBER 19, 2009 BY THE DEPARTMENT OF DEFENSE APPROPRIATIONS ACT, 2010 FOR WISCONSIN SMALL EMPLOYERS NOT SUBJECT TO FEDERAL COBRA.

Under the American Recovery and Reinvestment Act of 2009 ("ARRA"), as amended December 19, 2009 by the Department of Defense Appropriations Act, 2010 (2010 DOD Act), workers who have lost their health coverage as a result of an "involuntary termination" and who are eligible for federal COBRA or Wisconsin state continuation coverage ("Wisconsin continuation"), may be eligible to receive a 65 percent federal subsidy toward their continuation coverage premiums.

The 2010 DOD Act extended the COBRA and Wisconsin continuation premium reduction eligibility period for two months, until February 28, 2010 and increased the maximum period receiving the subsidy for an additional six months (from nine to 15 months). Individuals who have reached the end of the original premium reduction period will have additional time to pay extension-related reduced premiums that were due prior to the notice being provided. To continue their coverage, they must pay the 35 percent of premium costs by the later of February 17, 2010, 30 days after notice of the extension is provided by their employer, or the end of the otherwise applicable payment grace period.

WPS will also be including the information provided below in your group policy.

Wisconsin State Continuation Coverage

Under current law, an employee who is covered by a group health insurance policy through his or her employer and who is involuntarily terminated from his or her job may elect to continue coverage after termination. Wisconsin law provides for continuation coverage for those not covered under a similar federal law. Current law requires employers to send a notice within five days of the termination describing the terminated employee's right to continue coverage. Within 30 days of receiving the notice, the terminated employee may elect continuation coverage for himself or herself or for his or her spouse and dependents if they had also been covered through the employer's group health insurance.

What's changed?

ARRA and the 2010 DOD Act provide specific benefits for certain people who are eligible for continuation coverage under federal law or under state law. **Under the Act, for those terminated employees who became eligible for state continuation coverage on or after September 1, 2008 but before February 28, 2010, must be notified by the employer of their right to apply for continuation and the subsidy if applicable.**

For those terminated employees who become eligible for state continuation coverage on or after the effective date of the Act but before February 28, 2010, **the employer must send the notice as required under current law, but the notice must contain the information as required under ARRA and the 2010 DOD Act. Additionally, the employer's request for information form has been updated to reflect these changes.** For more information on the extension of the subsidy visit the Office of the Commissioner of Insurance ("OCI") website at:

http://oci.wi.gov/bulletin/0509arra_att2.pdf

What do you need to do?

If you are not subject to Federal COBRA but are subject to Wisconsin continuation, WPS previously sent notices to your former employees that were involuntarily terminated after February 17, 2009 and to those employees terminated after September 1, 2008 who were currently covered under Wisconsin continuation (as identified by you). If you had former employees that are in the middle of their nine-month subsidy period, WPS will notify those employees of their right to continue the subsidy for up to 15 months. If you had former employees that have exhausted their nine-month subsidy period but not their maximum continuation period and have continued to pay the full amount of that premium to you, WPS will extend the subsidy for those individuals up to 15 months and credit any overpayment, in addition to notifying them of this right. If you had former employees that have exhausted their nine-month subsidy period and terminated remaining continuation coverage as a result of that loss, **you must notify those employees of the right to have continuation coverage reinstated** and WPS will reinstate the subsidy period for those individuals and extend it up to 15 months. **Due to the recent amendments of the Act and requirements under state law, you, as the employer, must continue to provide the notice of premium reduction information to all terminated insured's between the period of September 1, 2008 and February 28, 2010, including re-providing the revised notice under ARRA and 2010 DOD Act to individuals who were terminated on or after October 31, 2009 notifying those individuals of the extended coverage period. This notice has been updated to reflect the new requirements and is available on our website at:**

www.wpsic.com

If Wisconsin continuation and not federal COBRA applies to you, WPS will continue to obtain reimbursement for the subsidy. In order to do this, we will continue to need information from you. WPS has created a "Request for Information Form" for use in providing us information on employees eligible for the subsidy. For a copy of this newly revised form, please visit our website at:

<http://www.wpsic.com/employers/index.shtml>

We require that you use this form rather than using other submission avenues, and this process is effective immediately and will continue monthly during the period that the subsidy is available by law, including any further extensions that the government may enact. The information you provide is necessary for our reimbursement through payroll tax filing offsets and for WPS to notify insured's, on your behalf, of the availability of the subsidy.

*****You must fax the completed forms to (608) 243-6138*****

If you have any further questions, please contact us at **(800) 748-0575** or visit our website at www.wpsic.com .

