



## Summary of the Continuation Coverage Premium Reduction Provisions under ARRA

President Obama signed the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. The law gives "Assistance Eligible Individuals" the right to pay reduced continuation coverage premiums for periods of coverage defined under the law and can last up to 15 months.

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

- MUST be eligible for continuation coverage at any time during the period from September 1, 2008 through May 31, 2010 and elect the coverage;
- 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 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 state continuation coverage and while you are paying the reduced premium, you become eligible for other group health plan coverage or Medicare you MUST notify your prior employer. If you do not, you may be subject to a tax penalty.**
- ◇ 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 Web page on ARRA at [www.irs.gov](http://www.irs.gov).
- ◇ Your employer will notify you within 5 business days of your opportunity to elect Wisconsin Continuation Coverage and determine whether you are eligible for the subsidy. Only your employer can make this determination.

For more information, go to [www.cms.hhs.gov/COBRAContinuationofCov](http://www.cms.hhs.gov/COBRAContinuationofCov)  
or email [NewCobraRights@cms.hhs.gov](mailto:NewCobraRights@cms.hhs.gov)

\*Generally, this does not include coverage for only dental, vision, counseling, or referral services; coverage under a health flexible spending arrangement; or treatment that is furnished in an onsite medical facility maintained by the employer.