

IMPORTANT NOTICE REGARDING YOUR RIGHTS TO THE FEDERAL COBRA SUBSIDY AS IT RELATES TO WISCONSIN STATE CONTINUATION COVERAGE

Under the American Recovery and Reinvestment Act of 2009 (“the 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.

Wisconsin State Continuation Coverage

The Act provides federal funds to provide a 65% subsidy for involuntarily terminated insureds’ health premium payments for COBRA (generally for employers with 20 or more employees) and Wisconsin continuation (generally for employers with less than 20 employees). The means by which the subsidy is reimbursed and the party to whom it is reimbursed differs depending on whether the employer is subject to COBRA or Wisconsin continuation.

Generally, **if an employer is subject to COBRA**, then the employer will charge the employee the reduced premium amount (35% of the amount of the premium, or 35% of the amount that the employee was required to pay prior to the Act) and then seek reimbursement from the IRS in the form of a credit off the employer taxes.

If an employer is not subject to COBRA, then most likely the employer is subject to Wisconsin continuation, and in that case the **insurer** is the entity that must seek reimbursement from the IRS for the federal subsidy.

Likely you are already aware of whether or not you are subject to federal COBRA. However, if you need help in counting your employees to determine whether you are an employer subject to federal COBRA, please see www.dol.gov/ebsa/pdf/cobraemployee.pdf . If you have less than the minimum number of employees required for COBRA (or if you are a group that is not subject to COBRA for another reason), then you are likely subject to Wisconsin continuation.

For more information regarding Wisconsin continuation, please see the Wisconsin Commissioner of Insurance’s fact sheet on continuation at http://oci.wi.gov/pub_list/pi-023.pdf .

What do you need to do?

Because WPS does not administer COBRA or Wisconsin continuation, in order for us to fulfill our obligations under the Act, we will need information from you, the employer in order to identify Assistance Eligible Individuals (“AEIs”). To that end, we need you to do the following:

1. **Determine whether you are subject to federal COBRA.** If you are subject to federal COBRA, then you must follow the requirements of the Act. You can find out more information about all of the Act's requirements, including sending notices to former employees, providing the subsidy, and seeking reimbursement for the subsidy on the Department of Labor's website at www.dol.gov/ebsa/COBRA.html and the Internal Revenue Service's website via the link on the DOL website under the "Employer" heading, or directly at www.irs.gov/newsroom/article/0,,id=204505,00.html .
2. **If you are not subject to Federal COBRA but are subject to Wisconsin continuation,** WPS will be sending out the notices to your former employees and will be obtaining reimbursement for the subsidy. In order to do this, we will need information from you.

If federal COBRA applies to you, you do not need to supply WPS with information; however, you are required to follow the requirements of the Act as described in number 2, above.

If Wisconsin continuation and not federal COBRA applies to you, WPS has created the a "Request for Information Form" for use in providing us information on employees eligible for the subsidy. 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 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 insureds, on your behalf, of the availability of the subsidy.

*****You must fax the completed form as soon as possible 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 .

