

## ***PRESS RELEASE***

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### **West Virginia Offices of the Insurance Commissioner Provides Information on New Federal COBRA Law**

*Subsidy may reduce COBRA cost by 65% for workers who lose their jobs*

CHARLESTON, WV – The West Virginia Offices of the Insurance Commissioner is available to assist West Virginians with questions about COBRA and other insurance state group continuation coverage for workers who lose their jobs Commissioner Jane Cline announced today.

On February 17, 2009, President Barack Obama signed the American Recovery and Reinvestment Act, commonly called the Stimulus Plan. The new law provides a subsidy that may reduce, by 65%, the cost of COBRA and other insurance state group continuation coverage for workers who lose their jobs.

“Those who are unsure of where to turn for health care coverage information in these tough economic times should turn to the WV Offices of the Insurance Commissioner for educational assistance and information,” Commissioner Cline said. “We will work with consumers to provide help and resources.”

The new law could provide the following benefits for eligible workers who have lost their jobs:

- The bill provides a 65% subsidy for COBRA continuation premiums for up to nine months for workers who have been involuntarily terminated, and for their families.
- This subsidy also applies to health care continuation coverage if required by “comparable” state “mini-COBRA” laws.
- Eligible individuals simply pay 35% of the premium. The receiver of the premiums (health insurer or employer) then deducts the other 65% from its payroll liability.
- To qualify for premium assistance, a worker must be involuntarily terminated between September 1, 2008, and December 31, 2009.

- The subsidy would terminate upon offer of any new employer sponsored health care coverage or Medicare eligibility.
- Workers who were involuntarily terminated between September 1, 2008, and enactment -- but failed to initially elect COBRA because it was unaffordable -- would be given an additional 60 days to elect COBRA and receive the subsidy.
- Participants must attest that their same-year income will not exceed \$125,000 for individuals and \$250,000 for families.

Individuals who lose group health coverage because of an involuntary termination ("former employees") between September 1, 2008 and December 31, 2009 are eligible for a 65% federal subsidy of their federal COBRA premiums for up to 9 months or state continuation coverage premiums for up to 6 months.

This subsidy is not available to workers whose income in the year they receive the subsidy exceeds \$125,000 for individuals and \$250,000 for couples filing joint tax returns. Spouses, former spouses and dependent children are eligible for premium assistance if their coverage is through the former employee who was involuntarily terminated. However, individuals receiving continuation coverage due to a qualifying event other than involuntary termination, such as divorce or a child reaching the age at which coverage ends, are not eligible for premium assistance. If an individual takes advantage of the subsidy and in the same year exceeds the income limit, he or she must repay the subsidy.

Employers are required to send a notice to former employees so that former employees can elect to continue their group coverage and receive the subsidy. Former employees will have from the first day they are eligible until 60 days after receiving the notice to enroll. Further details about enrollment will be provided by the federal Department of Labor. For the most up-to-date information, contact the West Virginia Offices of the Insurance Commissioner at 1-888-879-9842 or visit [www.wvinsurance.gov](http://www.wvinsurance.gov).

West Virginia insurance consumers with questions and concerns about their insurance can call the Department's consumer hotline at 1-888-879-9842. Free information can also be obtained at [www.wvinsurance.gov](http://www.wvinsurance.gov).