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Code: TECHNICAL LETTER
HR/Benefits 2009-02
Supplement #1

To: Human Resources Directors
Benefits Representatives

From: Bruce Gibson 
Senior Director, Benefits
Human Resources Administration

Subject: Benefits Update: New Consolidated Omnibus Reconciliation Act (COBRA) Premium Reduction Provisions under the American Reinvestment and Recovery Act (ARRA)

Overview

Audience: Human Resources Directors, Benefits Representatives, and/or campus designee(s) responsible for benefits and/or COBRA administration

Action Item(s):

Affected Employee

Group(s)/Unit(s): All employees eligible for COBRA Continuation between September 1, 2008 and December 31, 2009.

Summary

The American Recovery and Reinvestment Act of 2009 (ARRA) was signed into law on February 17, 2009, and provides a 65% COBRA Premium Reduction (COBRA Subsidy) of employer sponsored group health plans for a maximum of nine (9) months to employees who are involuntarily terminated between September 1, 2008 and December 31, 2009, and are eligible for COBRA at the time of the termination. Such (former) employees and their eligible family members are responsible for paying the remaining 35% of the monthly COBRA premium.

This technical letter provides additional information regarding payments of the 65% employer portion of COBRA Premium Assistance to the medical, dental and vision carrier(s).

Campus designees responsible for COBRA administration should read the technical letter in its entirety.

Preliminary information regarding COBRA Premium Assistance was released to campuses on April 13, 2009 (HR/Benefits 2009-02), with an indication that additional information would be forthcoming.

The purpose of this technical letter is to update campuses with the administrative process that Human Resources Administration (HRA) has implemented regarding CSU's payment of the 65% employer portion of COBRA Premium Assistance payable to its medical, dental and vision carriers.

Please note: The Chancellor's Office will assume financial responsibility for the employer portion of COBRA Premium Assistance. As a result, invoices for the employer's 65% portion of COBRA premium assistance will be sent directly to:

Distribution:

CSU Presidents
Executive Vice Chancellor and CFO
Vice Chancellor, Human Resources
Vice Presidents, Administration

Associate Vice Presidents/Deans of Faculty
Budget Officers
Payroll Managers

CSU Office of the Chancellor
Attention: Michelle Hamilton, Systemwide Human Resources
401 Golden Shore
Long Beach, CA 90802

To facilitate this process, the "Request for Treatment as an Assistance Eligible Individual" form has been updated to reflect the Chancellor's Office as a billing address (see attached). For purposes of campus tracking, the "Campus name and address" section on the form should be personalized.

Campuses that received COBRA Premium Assistance invoices in error can forward them to the Chancellor's Office at the address listed above.

Documentation for Audit Purposes

The IRS requires that campuses maintain records with pertinent information of individuals who received the COBRA Subsidy. Campuses are asked to keep in their records:

- The date of the involuntary termination on which the COBRA Premium Assistance is based. The involuntary termination must occur on or after September 1, 2008, through December 31, 2009.
- Documentation of COBRA eligibility and election of COBRA Premium Assistance.

This information also may be required if the campus receives a request to substantiate the reason(s) for denial of COBRA Premium Assistance.

Information Regarding Appeals of COBRA Premium Assistance Denials

The Department of Labor (DOL) has updated its website with information and forms for individuals who wish to appeal an employer's decision to deny COBRA Premium Assistance requests. Consequently, the Centers for Medicaid and Medicare Services (CMS) will review denial applications from state and federal government employees, such as the CSU.

Individuals may contact the CMS-sponsored premium assistance continuation coverage help desk via e-mail at continuationcoverage@maximus.com or call toll-free at (866) 400-6689. Staff members are available from 8 a.m. until 8 p.m. EST. A copy of the "Request for review if you have been denied Premium Assistance" form is attached to this technical letter. In addition, the "Summary of COBRA Premium Assistance Reduction Provisions" has been updated to reflect the CMS website and toll-free telephone number.

CMS Processing Instructions

Currently COBRA Administration is not included in CMS Baseline; therefore, there is no impact to the Base Benefits or Benefits Administration (Ben Admin) Oracle/PeopleSoft applications.

Questions regarding this Technical Letter may be directed to Human Resources Administration at (562) 951-4411. This Technical Letter is also available on the Human Resources Administration Web site at: <http://www.calstate.edu/HRAdm/memos.shtml>.

BG/mh