



Manley Services Employer Bulletin: Additional Information about COBRA Provisions of ARRA

Issued April 24, 2009

As you are aware, the new American Recovery and Reinvestment Act of 2009 (ARRA) includes significant changes to the COBRA continuation coverage rules. This packet is a follow-up to the *Manley Services Employer Bulletin* issued on March 3, 2009. Please take a moment to read this update as it contains important information about how Manley will implement these provisions for your COBRA plan.

Notification to COBRA-eligible Individuals

As required by federal law, Manley Services sent ARRA Special Election Notifications the week of April 13, 2009. The notices were issued to all individuals who became eligible for COBRA due to any qualifying event occurring on or after September 1, 2008, or who become eligible going forward. This included anyone voluntarily and involuntarily terminated during that period. As noted in our previous Bulletin, we were required to send the notice to everyone eligible for COBRA, even if they are not eligible for the premium subsidy. A sample of this notice is enclosed for your information.

Employer's 65% Subsidy

Insurance carriers are accepting only 100% payment. To ensure timely forwarding of premium to the carrier, we ask that you choose one of three options to fund the subsidy payment:

1. **Prefund** – forwards funds to be held on account. This will enable us to access the employer's subsidy of 65% once the employee pays their 35% of the premium. We will then bill you for the specific amount of the subsidy to replenish the prefund. Your prefund amount will be calculated using the current enrollee's premium subsidy plus two additional family coverage premiums at the 65% subsidy amount. Please contact us for your specific prefund amount. You may send a check, wire, or ACH. We reserve the right to increase your prefund or ask for more funds on an as-needed basis, to accomplish timely submission of premiums.
2. **Reverse EFT** – allows us to pull an electronic funds transfer (EFT) from your account. You provide the necessary banking account information, and we will e-mail you a notice of transfer amount one business day prior to the transaction. If you would like to exercise this funding option, please complete and return the enclosed Direct Payment Authorization Form.
3. **ACH/Wire Transfer** – allows for next-business-day transfer of funds into our account. If you would like to set this up, please contact our COBRA Department for the bank account information. We will contact you with the premium subsidy due, and a transfer of funds from your account to ours will then be due the next business day.

If you currently receive the premium to forward to the carrier, that will not change. You will simply need to add your portion of the premium to the participant's 35% before forwarding to the carrier. We will send you an invoice for the 2% administrative fee at the end of each month. Please note that this fee is eligible for the payroll credit along with the premium.

Procedural Steps by Manley Services

As always, when we receive COBRA enrollment forms, we will continue to send those on to either the carrier or the employer according to our established processes. Upon receipt of an enrollment form and attestation of involuntary termination, we will check to see if the individual is on employer's provided list of involuntary terminations.

- **If the individual is on the employer's list**, we will send the employer a copy of the 3-page "Request for Treatment as an Assistance Eligible Individual."
- **If the individual is not on the employer's list**, we will:
 - Send a letter to the individual notifying them that they are ineligible for the subsidy and include information about their appeal rights with the U.S. Department of Labor.
 - Return any premium received.
 - Send the employer a copy of the 3-page "Request for Treatment as an Assistance Eligible Individual" as notification that the individual may consider himself eligible for the subsidy.

Subsidy Report

Our COBRA administration software provider has created a report to help determine employer subsidy amounts. Attached is a sample of the form you can expect to receive from us. We will automatically issue this report monthly; it is also available each pay period upon request. The report reflects all payments received from COBRA participants who have been deemed eligible for the COBRA subsidy. You may request additional reports by e-mailing COBRA@manleyserv.com.

We will use this report to determine the balance due from groups for premium, and also provide each group with necessary information for completing their 941 Employer Tax filing. It will provide a list of participants, all payments received, and the number of dependents covered, subtotaled by carrier with a grand total for the entire group.

Please be aware that due to the 60-day election period that allows for participants to elect COBRA retroactively, there will be times when the total premium received for a given month will change from one report to the next.

Reminder: Please use our new COBRA Notification form.

Please discard all out-of-date forms and use only our revised COBRA Notification form for all future COBRA qualifying events. The new form was included in our previous Bulletin and is available on our Web site, www.ManleyPlan.com. It has an additional box indicating "Involuntary Terminations" and is identifiable by the "0309" update date in the lower right corner.

Questions?

If we receive additional guidance on this law, we will keep you informed through additional Employer Bulletins. In the meantime, if you have any questions or concerns, please feel free to contact our COBRA Customer Service Team by e-mail at COBRA@ManleyServ.com or by phone at (800) 422-7038.

This document is intended to provide our customers with general information regarding the American Recovery and Reinvestment Act. This document does not constitute legal or compliance advice, and you should consult your own legal counsel for specific guidance.

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