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Attention Benefit Administrator: Mini-COBRA Administration Update

As a valued Pennsylvania Chamber Insurance participant, below is a brief overview of Mini-COBRA as noted on the Pennsylvania Insurance Department website. On June 10, 2009, Governor Rendell signed Act 2 of 2009 to help address the need to extend health care options for those newly unemployed. Employees laid off by employers with 2-19 employees are now eligible to purchase state Mini-COBRA continuation benefits for 9 months following termination of employment. In addition, covered employees and their eligible dependents whose group health insurance coverage is terminated as a result of certain other "qualifying events" are eligible to purchase Mini-COBRA continuation coverage. The covered employees and eligible dependents must have been continuously insured under the group policy or for similar benefits under any group policy which it replaced during the three consecutive months ending with the qualifying event.

- A qualifying event is an event that would result in the loss of coverage for the covered employee or eligible dependent, including:
 - death of the covered employee
 - termination of employment, except in the case of the employee's gross misconduct
 - divorce or legal separation
 - eligibility for Medicare
 - dependent child ceases to be dependent
 - bankruptcy of the employer or
 - reduction in hours.
- An employee whose coverage is terminated may be eligible for premium assistance under the federal stimulus law. Employees working for small employers may be eligible for this premium assistance as long as eligibility requirements are met and termination of coverage occurs on or after July 10, 2009 and before January 1, 2010.
- Mini-COBRA provides a tax credit to the insurer of 65% of the COBRA premium for up to nine months from the date of enactment for employees and their eligible dependents for employees subject to termination of coverage between July 10, 2009 and December 31, 2009. Small employers do not have to fund the premium assistance.
- Employees or eligible dependents who qualify for premium assistance are required to pay 35% of the premium amount for Mini-COBRA continuation coverage. The remaining 65% portion is covered by the federal stimulus program through the tax credit.
- Notice of eligibility must be provided to an employee within 30 days of a qualifying event.

The bullets outlined above provide a very brief overview of Mini-COBRA that may impact your business. Additional information regarding Mini-COBRA is available on the Insurance Department web site at <http://www.ins.state.pa.us/ins/cwp/view.asp?a=1274&Q=550035&PM=1>

The purpose of this letter is not to provide advice but to communicate information released by the PA Insurance Department. Please contact your health insurance carrier to determine the actions necessary for your organization. If you would like to review other options, Pennsylvania Chamber Insurance has established partnerships with reputable COBRA administrators and has short-term and individual coverage options available. Please contact our Customer Relations staff at 877.463.9891 or via email at customerrelations@pachamber.org for more information.

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The Pennsylvania Chamber Insurance family of companies does not provide legal advice of any kind.
If you need legal advice, please consult with an attorney.