

## COBRA Premium Reduction (Subsidy) FAQs

New rules under the American Recovery and Reinvestment Act (ARRA) of 2009

### 1. What is the COBRA premium reduction (also called COBRA Subsidy)?

Under the ARRA, certain people, called “Assistance Eligible Individuals” or “AEIs,” are eligible for a 65% reduction in their COBRA premium.

### 2. Who is eligible for the COBRA premium reduction?

To be considered an “Assistance Eligible Individual,” you must meet all of the following conditions:

- You became eligible for COBRA due to an **involuntary termination** of employment that occurred on/after September 1, 2008
- You are or were eligible for COBRA coverage at any time on/after September 1, 2008 (whether you elected COBRA coverage initially or not)
- You are not eligible for **any other** group health plan coverage OR Medicare (for example, as a dependent on another family member’s plan or under a new employer’s plan)

### 3. Are dependents of involuntarily terminated individuals that meet the “Assistance Eligible Individual” definition eligible for the COBRA premium reduction?

Yes, with the exception of domestic partners. Domestic partners are not eligible for the COBRA premium reduction.

### 4. What is the effective date for the COBRA premium reduction?

The effective date is the later of March 1, 2009 or the date you first become eligible for COBRA.

### 5. How long am I eligible to receive the COBRA premium reduction?

Your premium reduction can last up to 9 months. The reduction will end sooner if:

- You become eligible for a group health plan or Medicare
- You are no longer eligible for COBRA
- The company terminates its health plan for all participants

### 6. I am eligible for the premium reduction. When can I expect to receive the premium reduction and any credit or reimbursement?

Ceridian will update invoices and accounts approximately 30 days after receiving your completed forms and your certified premium reduction information. Until the premium reduction appears on your invoice, you will need to pay the full invoice. After the 30 days, Ceridian will credit your account for overpayments.

**7. I am a retiree and my retiree medical plan was involuntarily terminated in November 2008. Am I eligible for the COBRA premium reduction?**

No. To be eligible for the COBRA premium reduction, your *employment* must have been terminated involuntarily on/after September 1, 2008. The law does not apply to a plan having been terminated on/after that date.

**8. I am eligible for the premium reduction. How do I sign up?**

You should have received a packet from Ceridian COBRAServ detailing the ARRA and the new COBRA premium reduction. Please follow the instructions in that packet carefully. You only have 60 days from the date on that packet to complete and submit the required enrollment information.

If you have not received your packet from Ceridian COBRAServ, the packet should arrive within four weeks of your last day worked. Contact Ceridian directly at 800-877-7994 if you don't receive your package four weeks after your termination date.

**9. I am eligible for the premium reduction, however, I did not sign up for COBRA when I was first eligible for it or I cancelled my COBRA coverage. Can I sign up now?**

You may – during the short window of time described in the package sent to you by Ceridian COBRAServ.

**10. Who do I call with questions about the COBRA premium reduction?**

Contact the Ceridian COBRA Service Center at 800-877-7994 or visit [www.ceridian-benefits.com](http://www.ceridian-benefits.com).