

Service Separation Fact Sheet

EMPLOYEE BENEFITS: TEMPORARY COBRA SUBSIDY

1. **Question:** If I am terminated from City Service, when do my Flex Benefits end?

Answer: In most cases, your benefits will end at midnight immediately following your termination date/last day of work. For example, if your last day on payroll is Tuesday, your benefits will end at midnight after work. As of Wednesday you will not have benefits coverage.

2. **Question:** Am I able to continue all of the insurance coverage that I have under the Flex Benefits Program?

Answer: No. Not all of the plan options available through Flex can be continued under COBRA (Consolidated Omnibus Budget Reconciliation Act of 1986). Please see the chart below for details:

Type of Coverage	Able to Continue	Additional Information
Medical	Yes	Eligible to apply for 65% subsidy
Dental	Yes	Eligible to apply for 65% subsidy
Employee Assistance Program	No	Coverage under this plan lasts through the end of the month in which you are laid off
Dependent Care Reimbursement Account	No	Participation ends the date that benefits are terminated (Claims for services provided after the termination date are not eligible for reimbursement.)
Healthcare Flexible Spending Account	Yes	If the employee has spent less than their year-to-date contributions at the time of termination
Life Insurance	Yes (But not subject to COBRA rules)	No subsidy available
Disability Insurance	No	Coverage ends the date that benefits are terminated
Accidental Death & Dismemberment Insurance	Yes (But not subject to COBRA rules)	No subsidy available

3. **Question:** When will I receive my COBRA Package from the City?

Answer: It will take between 2 and 4 weeks for a COBRA Package to be sent to the address that is in the payroll system after the Employee Benefits Division receives notice of your layoff.

4. **Question:** Is there a temporary COBRA subsidy offered by the federal government? How do I know if it applies to me?

Answer: The federal government recently enacted legislation to provide a temporary COBRA subsidy. The legislation provides that individuals who were/are involuntary terminated between September 1, 2008 and December 31, 2009 are eligible to apply for a 65% subsidy to assist with the cost of continuing their medical and dental plans. Applications will be reviewed by the Employee Benefits Division (EBD) to determine subsidy eligibility.

You are eligible if you (1) lost coverage as a result of an involuntary termination during the period of September 1, 2008 and December 31, 2009; (2) are eligible for COBRA continuation coverage at any time during that period; and (3) elect the coverage.

5. **Question:** How much will my medical and/or dental plans cost, whether I am eligible for the subsidy or not?

Answer: These monthly amounts for Assistance Eligible Individuals (AEIs) and Non-AEIs apply to the remainder of 2009. This document will be updated for the 2010 Plan Year.

Name of Plan	Employee or Individual Only Coverage		Employee and Spouse/DP* Coverage		Employee or Spouse/DP* and Child(ren) Coverage		Employee and Family* Coverage	
	Cost for Non-AEIs	35% for AEIs ONLY	Cost for Non-AEIs	35% for AEIs ONLY	Cost for Non-AEIs	35% for AEIs ONLY	Cost for Non-AEIs	35% for AEIs ONLY
Kaiser Permanente HMO	\$378.22	\$132.38	\$829.68	\$290.39	\$754.46	\$264.06	\$980.18	\$343.06
Blue Cross HMO	\$349.55	\$122.34	\$767.43	\$268.60	\$695.84	\$243.54	\$955.45	\$334.41
Blue Cross PPO	\$529.95	\$185.48	\$1,170.18	\$409.56	\$1,015.84	\$355.54	\$1,328.37	\$464.93
Delta Preventative	\$5.08	\$1.78	\$9.30	\$3.26	\$10.32	\$3.61	\$14.89	\$5.21
DeltaCare USA DHMO	\$16.69	\$5.84	\$31.09	\$10.88	\$27.89	\$9.76	\$36.03	\$12.61
Delta Dental PPO	\$50.84	\$17.79	\$95.25	\$33.34	\$96.04	\$33.61	\$129.36	\$45.28

*DPs (Domestic Partners) and Children of Domestic Partners not eligible for subsidy. See wording on your personalized COBRA letter for more information.

6. **Question:** How does Medicare eligibility or Medicare enrollment affect a member's COBRA or Subsidy eligibility?

Answer: Employees who are age 65 or over (entitled to Medicare), not retiring, and who wish to continue medical benefits through COBRA should consider signing up for Medicare Part B. Failure to do so may cause the member to incur a 10% penalty fee for enrolling late. The base premium for Medicare Part B is \$96.40 in 2009. For more information, please contact Medicare at 800-633-4227 and Social Security at 800-772-1213 to enroll. Please note, members who have COBRA coverage before becoming Medicare eligible must terminate COBRA coverage at the time they become Medicare eligible. Members who have Medicare before becoming COBRA eligible may elect COBRA coverage. Any member who is entitled to Medicare may not receive the COBRA Subsidy for medical or dental coverage. If you are retiring, please contact LACERS to assist you with your retiree benefits and Medicare enrollment.

7. **Question:** Is the premium reduction available after December 31, 2009?

Answer: Yes, the premium reduction may be available after December 31, 2009, for individuals who qualify on or before December 31, 2009. For example, an AEI whose COBRA becomes effective on December 1, 2009 could receive the premium reduction until August 31, 2010. This assumes that the individual does not become eligible for other group health coverage or Medicare or loses eligibility for COBRA continuation coverage before that date.

8. **Question:** Are my dependents eligible for this reduction?
Answer: Yes, if your spouse and/or children meet the requirements. Since the Federal Government does not recognize domestic partners, those individuals and their children are excluded from receiving the premium reduction. Domestic partners and their children are eligible for COBRA within the State of California, so they would be charged the “Cost for Non-AEIs” shown in the chart above. (See Question #5)
9. **Question:** Are there income limits for the premium reduction?
Answer: Yes. If the amount you earn for the year is more than \$125,000 (or \$250,000 for married couples filing a joint federal income tax return), you may have to repay all or part of the premium reduction through an increase in your income tax liability for the year. If you think that your income may exceed the amounts above, you may wish to consider waiving your right to the premium reduction. For more information, consult your tax preparer or visit www.irs.gov/newsroom/article/0,,id=204335,000.html site on ARRA.
10. **Question:** How do I apply for this premium reduction?
Answer: You will need to complete the “COBRA Continuation Coverage Election Form” to indicate that you are selecting coverage and the “Request for Treatment as an Assistance Eligible Individual” form and return them to the Employee Benefits Division at the address provided on the form within 60 days from the date of your letter. These forms will be included in the COBRA Package that will be mailed to you approximately 3 weeks after your termination date has been entered into the payroll system. Your COBRA coverage will be retroactive to the date your benefits terminated.
11. **Question:** If I am approved for the premium reduction, how do I obtain the 65% subsidy?
Answer: The City of Los Angeles will notify your medical and/or dental plan regarding its approval of your subsidy application and the plan(s) will accept a 35% payment from you. The City of Los Angeles will pay the remaining 65% of the total cost. Payments are made directly to the plan(s).
12. **Question:** Does failure to pay the required 35% premium for COBRA continuation coverage end the premium reduction?
Answer: Yes. Failure to make timely payments for the coverage ends the period of COBRA continuation coverage, at which time the individual no longer qualifies for the premium reduction. For this purpose, payment is considered timely if it is made by the end of any applicable grace period for making the payment. The grace period is determined by the medical and/or dental plan. The City has no involvement with this determination.
13. **Question:** What if my application for this premium reduction is denied by the City of Los Angeles?
Answer: Individuals who request and are denied the subsidy have the right to request a review of the denial. As a former local government employee, the Department of Health and Human Services will conduct such review and make a determination within 15 business days of receiving the application for review. If you believe you have been inappropriately denied eligibility for the premium reduction, you may wish to speak with a Department of Health and Human Services representative at (866) 400-6689 or via e-mail at continuationcoverage@maximus.com. Additional appeals information will be available at www.continuationcoverage.net.
14. **Question:** How long does the premium reduction last?
Answer: The premium reduction applies until the earliest of (1) the first date the assistance eligible individual becomes eligible for other group health plan coverage or Medicare coverage; or (2) the date that is nine months after the first day of the first month for which the premium reduction applies to the individual; or (3) the date the individual ceases to be eligible for COBRA continuation coverage.

15. **Question:** What happens to my premium reduction or subsidy if I become eligible for other coverage?
Answer: An individual receiving the subsidy or premium reduction who becomes eligible for any other group health plan or Medicare is required to notify the Employee Benefits Division and the appropriate insurance companies regarding the effective date of this other coverage even if you do not enroll in the plan. If the individual fails to notify these two parties, the individual is subject to a tax penalty of 110 percent of the subsidy improperly received after eligibility for the other coverage.
16. **Question:** I have Blue Cross PPO an/or Delta PPO. Under COBRA am I allowed to change to another plan?
Answer: Normally, COBRA does not allow you to change your plan outside of Open Enrollment, but under this legislation, individuals who qualify for the subsidy are allowed to change to a medical and/or dental plan that costs the same or is lower in cost than their current plan. Your COBRA Package contains a form that allows you to request this change. You have 90 calendar days from the date of the form in which to elect the other coverage.
17. **Question:** I do not want to wait for my COBRA Package. How do I obtain the forms?
Answer: The Employee Benefits Division requests that employees wait until they receive their COBRA package rather than request one be sent ahead of schedule. If you have a special circumstance and need to enroll in COBRA immediately, please contact your benefits representative at (213) 978-1655 to ask for assistance.
18. **Question:** What documents will I be receiving as part of my COBRA package?
Answer: Your COBRA package will include: (1) Important Information About Your COBRA Continuation Coverage Rights; (2) Summary of the COBRA Premium Reduction Provisions under ARRA; (3) Request for Treatment as an Assistance Eligible Individual; (4) COBRA Continuation Coverage Election Form; (5) Form for Switching COBRA Continuation Coverage Benefits Options for AEIs Only; and (6) the form required to report to the insurance companies that you are no longer eligible for the premium reduction. If there are questions regarding these forms, please contact your benefits representative at (213) 978-1655.
19. **Question:** How can I get more information from the Federal Government regarding this subsidy?
Answer: The English subsidy information sheet is available at:
<http://www.dol.gov/ebsa/newsroom/fsCOBRAPremiumreduction.html>.
- The Spanish subsidy information sheet is available at:
<http://www.dol.gov/ebsa/pdf/fsCOBRAPremiumreductions.pdf>.