



*Your Health Is Our Business*

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## **IMPORTANT NOTICE**

January 7, 2010

[COBRA-eligible Group Name]  
Attn: Health Plan Sponsor  
[Address]  
[City, State Zip]

### **RE: Extension of COBRA Premium Reduction**

Dear Health Plan Sponsor:

This letter is regarding the Department of Defense Appropriations Act, 2010 ("DOD Act") that was recently signed into law on December 19, 2009. The DOD Act extends COBRA Continuation of Coverage Assistance under the American Recovery and Reinvestment Act of 2009 (commonly referred to as the "Stimulus Bill"). To qualify for this assistance, also known as a subsidy or premium reduction, individuals must experience a COBRA qualifying event that is the **involuntary termination** of a covered employee's employment.

The DOD Act provides the following changes:

1. Extends the COBRA premium reduction eligibility period for two months until February 28, 2010. Therefore, involuntary termination of employment generally must occur on or before February 28, 2010.
2. Increases the maximum period for receiving the subsidy by an additional six months (from nine to 15 months).

Individuals who had reached the end of the reduced premium period before the legislation extended it to 15 months will have an extension of their grace period to pay the reduced premium. To continue their coverage they must pay the 35% of premium costs by February 17, 2010 or, if later, 30 days after receipt of this notice.

Individuals who lost their subsidy and paid the full 100% premium in December 2009 should contact their plan administrator to discuss a credit for future months of coverage or a reimbursement of the overpayment.

The subsidy applies to periods of COBRA coverage beginning on or after March 1, 2009. Eligibility ends when the terminated employee is offered health coverage through another employer or another group health plan (such as a spouse's plan), becomes Medicare-eligible, or is otherwise no longer COBRA-eligible. Individuals paying reduced COBRA premiums must inform their plans if they become eligible for coverage under another group health plan or Medicare.

If you have any questions, please feel free to contact our Customer Service Center at (808) 941-4622, toll-free at (888) 941-4622, or via e-mail at [CustomerSvc@hmaa.com](mailto:CustomerSvc@hmaa.com). Please consult with your lawyer or tax professional for further information on the subsidy and tax filing.

Sincerely,

HMAA  
Billing and Member Services Department