



Separation and PEBB Benefits

COBRA and the COBRA Subsidy

PPA Meeting
May 28, 2009
PEBB Outreach and Training

Agenda

- Continuation of Coverage
- COBRA Subsidy
- COBRA Subsidy Mailings
- Forms
- Subsidy Eligible Decision – Agency
- Key Qualify Reason in PAY1
- Subsidy Eligible Decision – HCA
- HCA Accounting Process
- Mailing Address



Continuation of Coverage

- Employees who lose eligibility for PEBB coverage have options for continuing coverage based on specific eligibility described in PEBB rules. These options include:
 - COBRA (federal requirement)
 - Leave Without Pay (LWOP)/Self-Pay Coverage (WAC 182-12-133)
 - PEBB Retiree Coverage (WAC 182-12-171)

Continuation of Coverage

- COBRA
 - Employees terminated, for reasons other than gross misconduct, or whose hours have been reduced to the point that they are no longer eligible for PEBB benefits
 - Continuation of medical and dental benefits for up to 18 months
 - May choose medical only, dental only, or medical and dental
- Leave Without Pay (LWOP)/Self-Pay
 - Includes employees in layoff status due to a reduction in force
 - Continuation of medical, dental, and/or life insurance coverage for up to 29 months
 - May choose medical only, dental only, life only, or any combination of the three

Continuation of Coverage

- Retirement
 - Employee eligible to retire according to their retirement plan
 - May use continuation of coverage to bridge to retirement
 - Employee may choose medical only or medical and dental coverage
 - Employee may have the option for retiree life insurance
 - Must have continuous life insurance coverage

COBRA Subsidy

- Employees and dependents who:
 - Lose PEBB coverage, due to involuntary separation, between September 1, 2008 and December 31, 2009
 - Are a “Qualified Beneficiary”
 - Are not eligible for Medicare or Medicaid
 - Do not have access to other group health coverage

May be eligible for the 65% COBRA premium subsidy for up to 9 months

COBRA Subsidy

- Assistance eligible individuals may:
 - Change health plans, as long as the health plan cost is the same or lower than the health plan they were enrolled in as an employee
 - Choose Medical only, Dental only, or both Medical and Dental coverage, as long as the cost is the same or less than the coverage the employee had at the time of separation

If employee had . . .	They may select . . .	But cannot change to . . .
Medical and Dental	Medical and Dental Medical Only Dental Only	N/A
Dental Only	Dental Only	Medical and Dental Medical Only

COBRA Subsidy Mailings

- HCA notified employees separated between September 2008 and February 2009
 - First mailing was to employees who declined continuation of coverage at the time of separation or continued coverage but later dropped the coverage (April 17)
 - Second mailing was to employees who elected continuation of coverage at the time of separation (May 8)
 - Third mailing was new information from the federal government, to recipients of the first mailing, indicating dental only coverage is subsidy eligible (May 15)
- HCA will notify employees separated between March 2009 and May 2009 at the beginning of June

COBRA Subsidy Mailings

- Beginning in July, separated employees will receive COBRA subsidy information in their Continuation of Coverage packet (*employees separated in June*)
- COBRA Mailing information is on the Pers/Pay website at: www.perspay.hca.wa.gov/cobramailing.html

Forms

- Each employee must complete two forms to apply for the COBRA subsidy:
 - Request for Treatment as an Assistance Eligible Individual form
 - And either the,
 - Leave Without Pay (LWOP) Election form (*employees in Layoff Status*)
 - Or,
 - COBRA Continuation Election form (*employees terminated*)

Forms

- Involuntarily separated employees that are eligible to retire, but not eligible for Medicare may choose either COBRA or LWOP coverage in order to apply for the COBRA Subsidy
- Employee must elect Retiree Coverage within 60 days of the COBRA or LWOP coverage ending, or they will lose their rights to retiree coverage

Subsidy Eligible Decision – Agency

- Use consistency and accuracy in decisions about employees eligibility for the subsidy
 - Qualify Reason Guidance is available on the home page of the PersPay site: www.perspay.hca.wa.gov
- Document decisions for each employee thoroughly
- IRS will not automatically hold the employing agency harmless
 - Claiming the tax credit inappropriately is a violation of IRS code

Key Termination in PAY1

- On the A.41 screen:
 - Change Eligibility Code to “N” and enter the Eligibility Effective Date

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***** A.41 - SUBSCRIBER DATA ***** MAPA411

SOC SEC NBR      : 999 99 0043      NAME           : JONES, JANE T
HOME AGENCY     : 107              HOME SUB AGENCY :
TRANSFER REASON :                   TRANSFER EFF DT :
HOME PHONE      : 253 555 1111     BUSINESS/MSG PH : 360 555 1122
MAIL STOP       :                   COUNTY           : 27 PIERCE

ELIGIBILITY CODE : Y ACTIVE        ELIG EFF DATE:
QUALIFY REASON   :                   COBRA/SELF END DT.
PENDING ELIG CODE :                   PENDING EFF DATE:
                                           SUBSIDY END DATE:

ORIG SOC SEC NUM :                   ORIG AGENCY      :
APPT STATUS      : 7 NON-PERMANENT  AGY EFF/END DATE: 02 28 1996
PAY METHOD        : D PAYROLL DEDUCT MONTHLY SALARY   : 3750.00

MARITAL STATUS   : S               DECEASED      DATE:
MARRIAGE DATE    :                   RETIRED        DATE:
SPOUSE DIV/DEC DATE:

NEXT FUNCTION: A 43 TYPE: I SSA: 056 76 9043 AGY: 107 SUB: PAY ACTION:
INQUIRY ONLY    ENTER-NXT, PF1-HELP, PF2-RETURN, PF3-SYSTEM, PF9-HISTORY
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Key Qualify Reason in PAY1

- Choose F10. Receive message: “Was this employee involuntarily terminated?”

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A4115 WAS THIS EMPLOYEE INVOLUNTARILY TERMINATED? ENTER "Y" OR "N"
***** A.41 - SUBSCRIBER DATA ***** MAPA411

SOC SEC NBR      : 107 54 2184      NAME           : MORRIS, DEBORAH A
HOME AGENCY     : 107              HOME SUB AGENCY :
TRANSFER REASON :                   TRANSFER EFF DT :
HOME PHONE      : 360 486 0546     BUSINESS/MSG PH : 360 923 2778
MAIL STOP       : 42705            COUNTY          : 34 THURSTON

ELIGIBILITY CODE : N              ELIG EFF DATE: 03 31 2009
QUALIFY REASON   :                COBRA/SELF END DT:
PENDING ELIG CODE :              PENDING EFF DATE:
                                   SUBSIDY END DATE:

ORIG SOC SEC NUM :                 ORIG AGENCY      :
APPT STATUS      : 1 PERMANENT     AGY EFF/END DATE: 03 01 2007
PAY METHOD        : D PAYROLL DEDUCT MONTHLY SALARY   : 3549.00

MARITAL STATUS   : M              DECEASED       DATE:
MARRIAGE DATE    : 03 14 1998     RETIRED        DATE:
SPOUSE DIV/DEC DATE:

                                   PRT STMT:
NEXT FUNCTION: A 41 TYPE: I SSA: 107 54 2184 AGY: 107 SUB:          PAY ACTION:
UPDATE PENDING PF1-HELP, PF3-SYS, PF4-CANCEL, PF9-HISTORY, PF10-UPDATE
```

Key Qualify Reason in PAY1

- Enter a “Y” or “N” in the Qualify Reason field. Choose F10.

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***** A.41 - SUBSCRIBER DATA ***** MAPA411

SOC SEC NBR      : 999 99 0043      NAME           : JONES, JANE T
HOME AGENCY     : 107              HOME SUB AGENCY :
TRANSFER REASON :                  TRANSFER EFF DT :
HOME PHONE      : 253 555 1111     BUSINESS/MSG PH : 360 555 1122
MAIL STOP       :                  COUNTY            : 27 PIERCE

ELIGIBILITY CODE : Y ACTIVE        ELIG           EFF DATE:
QUALIFY REASON   :                  COBRA/SELF END DT:
PENDING ELIG CODE :                  PENDING EFF DATE:
                                      SUBSIDY END DATE:

ORIG SOC SEC NUM :                  ORIG AGENCY     :
APPT STATUS      : 7 NON-PERMANENT  AGY EFF/END DATE: 02 28 1996
PAY METHOD        : D PAYROLL DEDUCT MONTHLY SALARY  : 3750.00

MARITAL STATUS   : S              DECEASED       DATE:
MARRIAGE DATE    :                  RETIRED        DATE:
SPOUSE DIV/DEC DATE:

NEXT FUNCTION: A 43 TYPE: I SSA: 056 76 9043 AGY: 107 SUB:      PAY ACTION:
INQUIRY ONLY    ENTER-NXT, PF1-HELP, PF2-RETURN, PF3-SYSTEM, PF9-HISTORY
```

Key Qualify Reason in PAY1

- If PAY1 locks up when you try to enter the qualify reason:
 - Log out and log back in again
- If the wrong qualify reason is keyed into PAY1:
 - Send a FUZE message to PEBB requesting the qualify reason be changed

Subsidy Eligible Decision – HCA

- HCA will make the decision regarding eligibility for the subsidy based on:
 - The date of termination
 - Timeliness of application
 - Medicare eligibility
 - Agency determination of whether the termination was involuntary
 - Eligibility for other group health coverage
 - Coverage individual was enrolled in as an employee
- Appeals will be handled on a federal level, not by the PEBB appeals process
 - Appeal contact information is provided to anyone denied the subsidy

HCA Accounting Process

- Methodology
 - Members pay HCA 35% of the monthly premium
 - HCA bills agency and agency pays 65% of premium
 - HCA will pay insurance carriers 100% of the premium
 - Agency claims federal subsidy on IRS 941 quarterly form
- Report
 - HCA will provide a report that includes:
 - Former employees that enrolled in the COBRA subsidy, and
 - The amount of the subsidy (65%) that is reimbursed to HCA and claimed on your IRS 941 form
 - You will only receive a report if a former employee qualifies, enrolls, and pays their 35% share

HCA Accounting Process

- **Billing**
 - The bill will include employees name and amount of the subsidy (65%)
 - First billing will be mid-June and will include March, April, and May information
 - After that billing will be monthly, June bill will be generated in mid-July
- **IRS Reporting**
 - The first IRS 941 form to include tax credit requests will be in July
 - OFM will offer guidance on submitting payments to HCA and adjusting IRS 941 returns

Mailing Address

- The A.01 screen has changed to include the mailing address
 - The mailing address fields will be updated from HRMS through the nightly GAP9 report
 - No data entry in PAY1 required
 - HCA will use the Home Address fields to determine plan availability
 - HCA will use the Mailing Address fields for any correspondence. If no mailing address exists the home address will be used
- Be sure to confirm the accuracy of the mailing address as you carry out layoffs and terminations
 - COBRA packets will be mailed to the address in the PAY1 system

Mailing Address

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***** A.01 - PERSON DATA *****                               MAPA011

SOC SEC:      123 45 5252                                HOME AGY/SUB-AGY: 225
LAST NAME:    SMITH                                       SUFFIX:
FIRST NAME:   AMIEE
MIDDLE NAME:  K
SHORT NAME:   SMITH, AMIEE K
PHONE - BUSINESS/WORK:                                HOME: 859 576 3192
HOME ADDRESS:
  LINE1:      1137 PEACEFUL AVE S                          ADDR EFF DATE: 09 10 2007
  LINE2:
  LINE3:
  CITY:       SEATTLE                                     COUNTY: 17 KING
                                                    ST: WA   ZIP CD: 98144
MAILING ADDRESS (IF DIFFERENT FROM HOME ADDRESS):
  LINE1:
  LINE2:
  CITY:
                                                    ST:      ZIP CD:
BIRTH DT:    10 26 1981  GENDER: F PERM ST: Y           ANNIV DT: 09 10 2007

NEW SSA:

                                                    P2-PRT :
NEXT FUNCTION: A 41  TYPE: I SSA: 123 45 5252 AGY: 225 SUB:      PAY ACTION :
  INQUIRY ONLY      ENTER-NEXT SELECTION, PF1-HELP, PF2-RETURN, PF3-SYSTEM
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