

From: Nielson, Steve (OFM)
Sent: Monday, June 08, 2009 4:46 PM
Subject: Instructions for COBRA Subsidy Payments

Hello,

This email is being sent to multiple distribution lists. I apologize in advance if you receive multiple copies.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides a 65% federal subsidy towards COBRA premiums for certain individuals who were terminated from employment and lost employer sponsored health coverage between September 1, 2008 and December 31, 2009. Individuals who apply for the subsidy, are determined eligible, and pay HCA their 35% of the COBRA premium will be enrolled by PEBB in the COBRA plan of their choice.

Here is a link to several Q&A subjects on the IRS website:
<http://www.irs.gov/newsroom/article/0,,id=204708,00.html>

HCA will pay the insurance carrier and receive the credit from the IRS. This means that the only requirement for your entity is to keep records of employees that are involuntary terminated:

As soon as pertinent

1. The **agency/institution** keeps detailed records of all employees who were involuntary terminated and reported to HCA.
 - a. Be sure to enter eligible individuals on the A.41 screen of the PAY1 system, per HCA instructions.
 - b. These records will be needed for audit purposes – HCA may need your assistance if they are audited.

Monthly

1. The **employee** will pay 35% of the COBRA premium each month to HCA.
2. **HCA** will pay in turn pay 100% to the health insurance carrier. *Note: HCA will not pay the carrier if step one has not occurred.*

Quarterly

1. **HCA** will reduce their tax liability on their quarterly federal tax return (IRS Form 941).

If you have any questions, please contact me or Steve Ketelsen at (360) 725-0222
steven.ketelsen@ofm.wa.gov.

Thank you in advance for your cooperation.

Steve Nielson

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