



Penn Rise Benefits Bulletin

Issue 1

Welcome to the Human Resources edition of the Penn Rise Benefits Bulletin. This issue of the Bulletin contains information and resources we think will be helpful to your business.

Update on New Pennsylvania Law

To address the need to extend health care options for those newly unemployed, and help provide coverage for the growing number of uninsured Pennsylvanians, on June 10, 2009, Gov. Edward G. Rendell signed a new law known as "mini-COBRA". To keep you informed, we want to provide a brief summary of the law.

Mini-COBRA – EFFECTIVE July 10, 2009

This state law allows employees (and their eligible dependents) who are employed by a small business (2 to 19 employees) to be eligible for Pennsylvania mini-COBRA benefits if they are terminated due to a qualifying event after July 10, 2009. Pennsylvania mini-COBRA benefits will extend the employee's (and eligible dependents') health care coverage under their employer's health insurance plan. As you know, employers with 2 to 19 employees are not required to offer federal COBRA benefits. There are several key differences between the Pennsylvania mini-COBRA benefit and federal COBRA benefits; these are the most noteworthy:

- **Length of coverage** – Pennsylvania mini-COBRA allows employees with a qualifying event to extend coverage for up to 9 months. Under federal COBRA laws, coverage is typically extended for 18 months and can be longer for dependents or disabled employees depending on the qualifying event.
- **Notification requirements** – Federal COBRA laws put the notification responsibilities on the employer. For Pennsylvania mini-COBRA, insurers are required to notify existing policyholders of this law by July 25, 2009. A description of mini-COBRA rights will also be included in group policies that are either renewed or newly-issued after the law becomes effective. When a qualifying event occurs, the employer is responsible for notifying the covered employee and insurer within 30 days. If a covered employee or eligible dependent elects to continue coverage under Pennsylvania mini-COBRA, he or she must notify the insurer within 30 days of notice from the employer.
- **Subsidy** – Qualifying small group (2-19) employees who are involuntarily terminated, except for gross misconduct, between July 10, 2009, and February 28, 2010, may also take advantage of the 65 percent premium subsidy provided by the federal American Recovery and Reinvestment Act enacted earlier this year. The employer is not responsible for collecting the employee's 65% of premium or the 35% due the insurance company, it is the insurer's responsibility.
- **Additionally** – Mini-COBRA does not apply to vision and dental; Requires 3 months of coverage prior to eligibility; Ends with eligibility for Medicare or other health insurance; Requires employee verification that he/she is not eligible to be placed on a spouse's plan.

This Mini-Cobra benefits law is NOT retro-active and employees terminated before July 10, 2009 are not eligible for benefits. Learn more at www.ins.state.pa.us.

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