

Special Alert HREdge

PA COBRA enacted: MINI COBRA – MAJOR PAIN

Twenty something dependents in your health plan

All small employers should read

HRS warned at the beginning of May that Pennsylvania was planning a COBRA law for employers of 2 to 19 persons. We told a large crowd about it in a seminar at Cabela's on June 2. And yesterday Governor Rendell signed into law the state's Mini COBRA legislation. Every employer now will be required to offer health insurance continuation post employment and also will be obligated to comply with the Federal subsidy of COBRA under the American Recovery and Reinvestment Act (ARRA).

This law, which becomes effective on July 10, parallels the federal in many ways and specifically has the following provisions:

- ◆ Requires employers who employ 2-19 employees and offers health insurance to offer COBRA
- ◆ Only applies to Medical Plans (does not include HRAs, FSAs, dental, or vision)
- ◆ To be eligible, an employee must have been on the employer's insurance for at least 3 months prior to the qualifying event
- ◆ COBRA qualifying events remain the same as those under Federal regulations
- ◆ Eligible for COBRA coverage lasting up to 9 months
- ◆ Employers (or their designated administrator) are responsible for notification to eligible individuals
- ◆ Assistance Eligible Individuals (65/35 Subsidy) are included in mini COBRA
- ◆ Employers may charge up to 105% of the medical premium
- ◆ Timeline for getting out notices differs from federal COBRA

The state plan lacks the lookback feature of the federal COBRA Subsidy program in that only individuals terminated on or after July 10th will be eligible to participate. The federal program, enacted in February, allowed participation of individuals separated back to September of 2008.

What does this mean to you? Well if you offer health insurance to your employees, and you never offered COBRA before, it means quite a lot. You must provide proper notification, work closely with your insurance carrier and/or broker, know COBRA and ARRA law, create a system to handle premium collection, be aware of COBRA timelines, and understand everything else COBRA entails!

We urge you to contact us for assistance if you are concerned about administration of this matter or for additional information on the employer's obligation. [Contact the HRS COBRA King Sean Glasser by emailing cobra@hrstndassociates.com](mailto:cobra@hrstndassociates.com) or by phone at 610-371-9505 x28.

PA to Extend Dependent Health insurance to 20-somethings

In the same signing ceremony as COBRA, Gov. Ed Rendell also enacted a law requiring continued health coverage for dependents until attainment of age 30. Most plans currently remove dependents at age 23 or 25.

This regulation will allow uninsured, single, adult children up to age 30 to be covered by their parents' health insurance plan. Parents must pay the premiums and the coverage hinges on the employers' willingness to offer the benefit to parents. This bill will go into effect in six months and coverage will be available on a rolling basis after that as contracts are renewed.

According to the 2008 survey by the Insurance Department, there are 383,298 uninsured Pennsylvanians between ages 19-29, which accounts for 40 percent of the total uninsured population. While not all of these Pennsylvanians would be able to be covered by a parent's policy, this will be an important step to increasing access to health care for this population.

Additional requirements for continuation are:

- Is not married.
- Has no dependents.
- Is a resident of this Commonwealth or is enrolled as a full-time student at an institution of higher education.
- Is not provided coverage as a named subscriber, insured, enrollee or covered person under any other group or individual health insurance policy or enrolled in or entitled to benefits under any government health care benefits program.

HRS is a bit confused at this time on the effective date of the law. A direct reading of the final form of the bill (SB-189) says it is effective 90 days after signing while the Governor's website says it is effective six months after signing. [We will sort this out with the state and feel free to contact us for the final word of effective date.](#)