

## LEGISLATIVE UPDATE

*By Chris Marren*

It's hard to remember a time in the industry with so much legislative activity. Since our in-boxes are continuously pinging with Alerts and Bulletins on various topics, we don't want to set you back further as you attempt to catch up on all that reading. Instead, here are some recent topics that have received a lot of press since our last newsletter:

**July 14 – Coverage for preventive services under the PPACA.** Interim final rules released by IRS, DOL, and HHS for group health plans and health insurance issuers. Plans must cover without copay, coinsurance, or deductible certain preventive services that have “strong scientific evidence of their health benefits,” including:

- Evidence-based preventive services
- Routine vaccinations
- Prevention for children
- Prevention for women

**July – COBRA Subsidy.** DOL issued a statement confirming that as of May 31, the subsidy *eligibility period* ended. This did not mean that the subsidy was no longer available, only that no new elections could be made. Individuals who were subsidy-eligible prior to 5/31/10 are still entitled to the full 15 months.

**August – Pennsylvania’s “Mini-COBRA” Law.** House Bill 1251 signed by Governor Rendell. Pennsylvanians employed by an employer with fewer than 20 employees who were involuntarily terminated between September 1, 2008 through May 31, 2010 and whose COBRA premium subsidy terminated after nine months can receive the COBRA premium subsidy for an additional six months. Employers should be aware of the following:

- An individual involuntarily terminated by a Pennsylvania employer with fewer than 20 employees between September 1, 2008 and May 31, 2010 is entitled to a COBRA premium subsidy for up to 15 months from the date of involuntary termination.
- An involuntarily terminated individual whose Mini-COBRA rights were previously terminated after nine months has the right to reinstate COBRA coverage and receive the COBRA premium subsidy for up to six additional months.
- Individuals who were involuntarily terminated on or after June 1, 2010 by a Pennsylvania employer with fewer than 20 employees between September 1, 2008 and May 31, 2010 are entitled to a COBRA premium subsidy.

**PPACA Early Retiree Reinsurance Program.** This program was enacted to defray the cost of providing retiree health coverage to “early retirees” who are not employed by the sponsor and who are 55 years of age or older but not yet Medicare eligible until 2014, when insurance exchange/federal subsidies become available. The program, designed to pay 80% of claim cost for claims between \$15,000 and \$90,000, is temporary because only \$5 billion is available. To be eligible for reimbursement, claims must be for costs incurred during the program’s existence (i.e. through January 1, 2014). Plans can receive program payments for medical, surgical, hospital, and prescription drug costs or other benefits as the HHS Secretary determines, and plans must use program payments to lower costs for the plan. Instructions and applications can be found at [www.hhs.gov](http://www.hhs.gov).

**PPACA Extension of Dependent Coverage.** Section 1001 of the Act requires group health plans and issuers of group and individual coverage to make child dependent coverage available until the age 26. For plan years beginning after September 23, 2010, group plans already providing dependent coverage for children must extend eligibility for that coverage to dependents up to age 26 years of age. HHS has defined an eligible “dependent” as a child who has not attained age 26. Individual carriers have made decisions to adopt the coverage/mandate sooner than required for certain segments or universally, or have given employers the option to do so. Eligibility criteria based on factors such as student status, financial dependency, or residency can no longer be imposed by plans or carriers.

***Chris Marren is Director, Benefits Consulting & Administration at Elite Group, LLC.***

