



Corporate Office:
8170 33rd Avenue South
Bloomington, MN 55425
healthpartners.com

Mailing Address:
P.O. Box 1309
Minneapolis, MN 55440-1309

April 2009

Dear Employer,

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 was signed into law by President Obama. This new law includes a 65% Federal subsidy for COBRA premiums for up to nine months.

There are different rules for the subsidy depending on your *total* number of employees (not only full-time or benefit-eligible). By law, the subsidy is administered differently depending on whether your company is covered by Federal COBRA law or state continuation law.

- **If you have 20 or more employees:**
 - You are most likely covered by Federal COBRA law and you will need to administer the subsidy and collect the subsidy reimbursement through a payroll tax credit. More information is available at www.dol.gov/cobra.

- **If you have fewer than 20 employees:**
 - You are most likely covered by state continuation law and HealthPartners will cover the 65% subsidy and collect the reimbursement from the Federal government.
 - The special election period (look-back period to September 1, 2008) is very likely to be approved in the next few days by the State of Minnesota and is being discussed by the State of Wisconsin. The procedures in this letter assume the passage of this special election period in Minnesota.
 - For employers located in Minnesota, a special election period must be offered to those with an involuntary termination of employment that occurred between September 1, 2008 and February 16, 2009. The special election period allows those who previously declined continuation coverage or initially elected coverage but later dropped it another chance to enroll in continuation coverage with coverage beginning on March 1, 2009.
 - In addition to this special election notice, HealthPartners is required by the Department of Labor to send a continuation notice to certain members with a qualifying event from September 1, 2008 to December 31, 2009.
 - In order to comply with this requirement, we will be sending a continuation notice that includes an attestation to all members with terminated coverage from September 1, 2008 to December 31, 2009. A copy of the notice will be posted on healthpartners.com/employer by April 15, 2009.
 - We will instruct recipients to return applicable information to you or your COBRA administrator.
 - The attestation must be completed by anyone who would like to apply for the subsidy. If you receive a completed attestation for an eligible individual, please complete the grey box at the bottom of the first page and mail or fax it to your HealthPartners billing representative.
 - Please continue to send enrollment changes to HealthPartners as you currently do.
 - This process is in addition to your current process and is not a replacement of your COBRA administration. You will continue to be responsible for communicating with eligible individuals about continuation coverage and billing the premiums. As soon as we receive



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the attestation for an eligible individual, we will begin billing you the subsidized amount and apply any applicable credits to the individual's premium.

If you have not already sent the enclosed Group Size Form to HealthPartners, please complete the enclosed form and return it to HealthPartners. We need this information to know whether or not we need to continue to communicate with your terminated employees. If you have fewer than 20 employees, we cannot process the subsidy for eligible employees without this information.

If you are a new group to HealthPartners and had involuntary terminations dating back to September 1, 2008 and prior to HealthPartners coverage, we need you to send us contact information for your terminated employees. Please fax the employee's name and address with a copy of the enclosed Group Size Form to 952-883-5950 and we will send them the required notice.

Key COBRA subsidy information in this law includes:

- Except as explained above, the subsidy is available for medical and dental* coverage beginning on March 1, 2009 for individuals who are involuntarily terminated from employment from September 1, 2008 through December 31, 2009.
- The subsidy is available for nine months beginning on March 1, 2009. Individuals cannot receive reimbursement for premiums they paid for coverage prior to March 1, 2009.
- The subsidy is 65% of the amount you normally bill for the premium. So, if an individual qualifies for the subsidy, the subsidized bill should be 35% of what is normally billed.
- An individual is no longer eligible for the subsidy on the date they become eligible for other health plan coverage. The individual is responsible for notifying the employer of this eligibility.
- The Federal subsidy went into effect on March 1, 2009. There is a 60-day window to reimburse or credit after enactment to give employers and insurers time to put the process in place.

Thank you for your continued partnership. Please visit healthpartners.com/employer for additional information about the subsidy and for continued updates. If you have any additional questions, please contact your sales representative.

Sincerely,

A handwritten signature in black ink that reads "Andrea M. Walsh".

Andrea Walsh
Executive Vice President & Chief Marketing Officer

Enclosure

* Dental state continuation coverage is not available for employers based in Wisconsin



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Choose the option that describes your company:

Employer with 20 or more employees

Employer with fewer than 20 employees

COBRA Subsidy - Group Size Form

Company Name _____

Group Number _____ Number of employees _____

According to the Internal Revenue Service (IRS), an employer's number of employees is based on the number of employees maintained by an employer on a typical business day during the preceding calendar year. An employer is considered to have normally employed fewer than 20 employees during a particular calendar year if it had fewer than 20 employees on at least 50% of its typical business days during that year. If an employer has an increase in its workforce during the calendar year, then the plan becomes subject to COBRA on the following January 1.

This form will determine whether we continue to send a continuation notice and attestation to your employees. If you have fewer than 20 employees, HealthPartners will administer the subsidy for your terminated employees as follows:

- HealthPartners will send a continuation notice and attestation to your employees with terminated coverage and instruct recipients to return the completed information to you or your COBRA administrator. If you get completed attestation, please complete the grey box at the bottom of the first page and mail or fax it to your billing representative if the individual is eligible for the subsidy.
- Members with continuation coverage will be billed to you at 35% of the premium once we receive this form and the individual's attestation. HealthPartners will collect the 65% subsidy reimbursement from the Federal government.
- This process is in addition to your current COBRA process and is not a replacement of your COBRA administration. You will continue to be responsible for communicating with eligible individuals about continuation coverage and billing the premiums.
- A buy-down option is not available (a choice to choose a less expensive plan).
- HealthPartners will track the nine-month subsidy and notify you one month before it ends. Once the individual's nine-month subsidy ends, we will resume billing 100% of the premium.
- If an individual terminated continuation coverage or becomes eligible for another health plan, please notify your billing representative as quickly as possible.

If you have fewer than 20 employees, in order for HealthPartners to administer this subsidy, we need the following from you:

- This completed form to confirm you have less than 20 total employees.
- An attestation for each eligible individual electing continuation coverage. An attestation will be mailed to all terminated members with instructions to return the completed form to you or your COBRA administrator. A sample of this notice can be found at healthpartners.com/employer.
- Please continue to send us enrollment changes as you currently do.

Please make a copy for your records and return this completed form to:

Please direct any questions about this process to your HealthPartners billing representative. Contact information can be found on your monthly premium bill.

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