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Your Payroll Experts

Small Employer Alert!

This notice is for all PA employers with 2 – 19 employees!

PENNSYLVANIA “MINI-COBRA” LAW

What Is It? – Mini-COBRA, or Act 2 of 2009, is a new law in Pennsylvania that gives employees of small businesses (2-19 employees) who have health insurance from their employers the right to purchase continuation health insurance after they leave employment. It allows eligible employees and dependents to purchase health insurance for nine months after their employment ends.

Prior to this new PA Mini-COBRA law, employers with fewer than 20 employees were not subject to federal COBRA, and employees were not eligible for COBRA health coverage.

Key points –

- Effective Date – July 10, 2009
- Applies to all PA employers with 2 – 19 employees
- Employer must give notice to the covered employee of their right to elect continuation coverage, the insurance company and the plan administrator (if different than the employer) within 30 days of the “qualifying event”
- Nine month limit to continuation coverage
- Three months of prior coverage *required*
- Premium may not exceed 105% of group health plan

How Does The Federal Stimulus 65% Premium Assistance Subsidy Apply? – Employees covered by Mini-Cobra who are involuntarily terminated on or after July 10, 2009 and before January 1, 2010 may be eligible for this federal subsidy, which is part of the American Recovery and Reinvestment Act of 2009 (the stimulus bill). The worker pays 35% of the COBRA premium and the insurance company must pay the 65% COBRA subsidy, and will get a tax credit from the federal government for the 65% premium that the employee does not pay.

You, as the employer, should be working with your health insurance company, plan administrator or COBRA administrator to insure you comply with the new law. Refer to www.ins.state.pa.us/ins and enter “mini-cobra” in the Subject search and click on “PA Insurance: Mini COBRA” for more detailed information. Contact A D Computer for local COBRA administrators if interested in COBRA administration services.