

**April 3, 2009**

**Issue 05-2009**

## Individual Product News

### **ShortTermBlue Provides Affordable, Temporary Coverage FAST**

As you see more and more clients who are losing their jobs and their health insurance, don't forget that ShortTermBlue is an important option for them.

ShortTermBlue is a quick, easy, affordable way to get health benefits during a time of transition. This plan is ideal for individuals who are between jobs, recently graduated, newly-employed and waiting for group benefits to begin, or anyone who is temporarily in need of health insurance.

***ShortTermBlue will also fill the gap for individuals waiting to be approved for enrollment in a medically underwritten plan.***

#### **Important Things to Know About ShortTermBlue:**

- ShortTermBlue is a commissionable product.
- Producers may submit paper ShortTermBlue applications along with payment beginning April 1, 2009.
- Coverage can begin as soon as the day after the application is signed or submitted electronically provided that customers meet the limited medical underwriting.
- Interested individuals can apply for an initial coverage period of as few as 31 days up to and including 180 days.
- Each individual applying must submit his or her own application. There is no family coverage under ShortTermBlue.
- ShortTermBlue rates are based on age, deductible level and the number of days of coverage selected.

While you may submit applications online, ShortTermBlue is the only medically underwritten Highmark plan for which you may submit paper applications. You must also submit a copy of the Producer's Certificate with all paper applications to insure proper processing of commission payments.

The ShortTermBlue product brochure, the Producer's Certificate and a Reply Envelope are available via the Producer Online Order Form. When ordering ShortTermBlue materials via the Producer Online Order Form, please use the following inventory numbers:

ENR-080 CS (06\08) - ShortTermBlue Brochure  
 24611 – Producer's Certificate  
 ENV-775CR – PO Box 382555 Reply Envelope

PDFs of ShortTermBlue product information, application instructions, application and the Producer's Certificate are attached for your immediate use.

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***“ShortTermBlue is a quick, easy, affordable way to get health benefits during a time of transition.”***

# Health Care Reform

## COBRA Changes Effective March 1, 2009

The American Recovery and Reinvestment Act of 2009 – also known as the “Economic Stimulus Bill” – includes a provision to help recently unemployed workers pay for COBRA coverage. Workers who lost their jobs since September 1, 2008 and their dependents could receive COBRA premium assistance – or a subsidy – of 65 percent for up to nine months. Here’s a brief overview of who is eligible, how the subsidy will be issued and how you and your clients can get more information.

Workers can qualify for the COBRA subsidy if they were “involuntarily terminated” from employment between September 1, 2008 and December 31, 2009, for any reason other than gross misconduct. The subsidy is not available to individuals with an annual income of more than \$145,000 (\$290,000 for married couples). For individuals with an income of more than \$125,000 (\$250,000 for married couples) but less than \$145,000 (\$290,000 for married couples), the subsidy amount is taxable as part of their gross income.

“Workers can begin to receive the COBRA subsidy as early as March 1, 2009.”

Workers can begin to receive the COBRA subsidy as early as March 1, 2009. For those who continue to qualify, the subsidy could continue for up to nine months. For example, if a worker qualifies beginning March 1, 2009, the subsidy could continue through November 2009. Currently the subsidy provision is set to expire December 31, 2009, so workers who qualify in December could have the subsidy continued for up through August 2010.

The Act requires employers to pay the full cost of the COBRA subsidy (65 percent of the cost of COBRA) and then apply for reimbursement from the federal government in the form of payroll tax credits when they file their quarterly federal tax returns. The Internal Revenue Service has already revised the employer payroll tax reporting Form 941 to incorporate this new provision.

The Act, which became effective February 17, 2009, also requires employers to include information about the COBRA subsidy when they notify employees or dependents about their eligibility for COBRA. For individuals who became eligible for COBRA *before* the Act became effective, an additional notice about the availability of the subsidy must be issued by April 18, 2009.

Individuals who would have qualified for the subsidy but are not currently on COBRA coverage must be given a special 60-day period in which to enroll for coverage. This includes individuals who chose not to enroll in COBRA when they were first eligible as well as those who enrolled but later discontinued COBRA coverage.

The Department of Labor has issued model notices that employers can use to fulfill the employee notification requirements. These notices, instructions for their use and frequently asked questions for employers and employees can be found at the DOL Web site, [www.dol.gov/ebsa/COBRA.html](http://www.dol.gov/ebsa/COBRA.html).

### *Assistance available from HM Insurance Group\**

If your clients are looking for assistance with COBRA administration, ask your Highmark Client Manager to put you in touch with a COBRA Account Manager at HM Insurance Group. HM Insurance Group has been administering COBRA since 1986, and, with the new subsidy provision, they can work with you to help your clients’ current and future COBRA participants get the accurate, timely information they need to make the right decisions about continuing their health care coverage.

For more information, contact your Highmark Client Manager.

*\* COBRA administrative and customer support services are provided by HM Benefit Administrators, Inc. or HM Life Insurance Company, Pittsburgh, PA, which are part of HM Insurance Group, a separate company that does not provide Highmark Blue Cross Blue Shield products or services. These companies are solely responsible for the COBRA administration services described above.*

# Health Care Reform Continued

## COBRA Q&A, and HMIG Plan Sponsors Letter

Attached to the email accompanying this news letter is a Q&A document covering some of the common question relating to COBRA. Also attached is a copy of the letter being mailed to the COBRA Plan Sponsors from HMIG.

Please contact your Highmark Client Manager with any questions.

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If you have any questions concerning the items in this issue, please contact your Account Manager.

Sincerely,



Reginald E. Brown  
Director, Producer Affairs, West

Attachments: 5

HMIG COBRA Plan Sponsors Letter.docf

COBRA Q&A 3-31-09 2.pdf

Shortterm blue instructions.pdf

Shortterm blue producer certificate.doc

ShortTermBlue App.pdf