



DISB ANNOUNCEMENTS

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Frequently Asked Questions: Small Group Health Insurance Continuation of Coverage (DC mini-COBRA) and the American Recovery and Reinvestment Act (Stimulus Bill)

- Q)** Is there a DC mandate requiring an employer to provide employee group health coverage?

Answer: No

- Q)** Do the DC mini-COBRA and Stimulus Bill apply to terminated employees who voluntarily leave their jobs?

Answer: DC mini-COBRA together with the Stimulus Bill is available only to employees who were terminated involuntarily (except those who were terminated for cause).

- Q)** Who is responsible for issuing the notices regarding DC mini-COBRA or benefits under the Stimulus Bill?

Answer: Usually the insurance company if premiums are paid directly, otherwise the employer.

- Q)** Who is responsible for the administration of the DC mini-COBRA plans, the employer or Insurance Company?

Answer: Either

- Q)** How do small employers recover the cost of the premium assistance?

Answer: It depends to whom the former employee pays premiums. If the premiums are paid to the former employer, the employer pays the full premium to the insurance company and receives a credit on their payroll taxes for the amount of the premium assistance. If the employee pays the premium directly to the insurance company, the insurance company takes credit for the premium assistance on their payroll taxes. In no case should the employee pay the full premium and get reimbursed for the premium assistance.

- Q)** If an employee was terminated after September 1, 2008, how would the Stimulus Bill apply for employees who accepted or rejected DC mini-COBRA prior to the Stimulus Bill?

Answer: Former employees terminated after September 1, 2008 are eligible for coverage and the premium assistance regardless of whether they accepted or rejected DC mini-COBRA coverage at the time of separation from the employer. The employee should contact their former employer or insurer to apply for up to nine months of coverage with premium assistance. The former employee should be treated as if there was no break in coverage and thus no new pre-existing condition exclusions should apply. Further, when the former employee's insurance coverage ends, the certificate of creditable coverage should reflect no break in coverage.

Insurers should send notices to people who were terminated from small group insurance after September 1 about the opportunity to elect mini-COBRA now with the subsidy, giving them 60 days after receiving notice to sign up.

- Q)** When is coverage effective for those employees who previously rejected or exhausted their mini-COBRA coverage?

Answer: The effective date for coverage for those employees who previously rejected or exhausted their mini-COBRA coverage should be the first coverage period following the approval of the application. There is no retro-active coverage, or premiums.

- Q)** How can a former employee receive DC mini-COBRA premium with assistance offered under the Stimulus Bill?

Answer: Contact your employer or insurance company. Insurers should send notices to people who were terminated from small group insurance after September 1 about the opportunity to elect mini-COBRA now with the subsidy, giving them 60 days after receiving notice to sign up.

For More Information

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