

**Summary of Material Modification
February 17, 2009**

American Recovery and Reinvestment Act of 2009

**Changes to COBRA Benefits (September 1, 2008 thru December 31, 2009)
Premium Assistance for COBRA Continuation Coverage
for Individuals and Their Families**

Assistance Eligible Individual (AEI): any qualified beneficiary if;

- A. between the period beginning September 1, 2008 and ending December 31, 2009 such qualified beneficiary is eligible for COBRA continuation coverage
- B. qualified beneficiary elects such coverage
- C. the qualifying event with respect to the COBRA continuation coverage is the involuntary termination of the covered employee's employment that occurred during the period.

Provision of Premium Assistance: reduction of COBRA premiums payable;

- A. Any premium for a period of coverage beginning on or after February 17, 2009
- B. Assistance Eligible Individual pays (or a person other than such individual's employer pays on behalf of such individual) 35% of the amount of such premium.

Plan Enrollment Option: Assistance Eligible Individual may, not later than 90 days after the dated of notice of the plan enrollment option, elect to enroll in coverage under a plan offered by the employer involved that is different than the plan in which you were enrolled at the time the involuntary termination occurred. An AEI may elect to enroll in a different coverage only if;

- A. the employer will permit AEI to enroll in different coverage
- B. the premium for such different coverage does not exceed the premium at the time of the involuntary termination
- C. the different coverage is offered to active employees of the employer at the time in which the election is made
- D. the different coverage does not provide only dental, vision, counseling or referral services (or a combination of such services); flexible spending arrangement; coverage for services or treatments furnished in an on-site medical facility maintained by the employer that consists primarily of first-aid services, prevention and wellness care, or similar care.

Limitation or Termination of Period of Premium Assistance: Premium Assistance ends for the months of coverage beginning when the AEI;

- A. is eligible for coverage under any other group health plan, flexible spending arrangement, or coverage of treatment that is furnished in and on-site medical facility maintained by the employer as described above
- B. is eligible for benefits under Medicare (title XVIII of the Social Security Act)
- C. Nine months after the start of premium assistance
- D. The date following the expiration of the maximum period of continuation coverage under COBRA
- E. If no election form has been submitted within 90 days of receipt of election notice required by this law.

Extension of Election Period: If a terminated employee does not have an election of COBRA continuation coverage in effect on February 17, 2009 but would like to be an Assistance Eligible Individual, they may elect COBRA continuation coverage within 90 days after the date on which the COBRA election notification required is provided to the individual. Notification to qualified beneficiaries must be sent within 60 days of February 17, and include;

- A. the availability of premium reduction with respect to coverage
- B. the option to enroll in different coverage if the employer permits
- C. forms necessary for establishing eligibility for premium reduction
- D. contact information of the plan administrator and any other person maintaining relevant information in connection with the premium reduction.
- E. Description of the extended election period
- F. Description of the obligation of the qualified beneficiary to notify the plan of eligibility for subsequent coverage under another group plan or eligibility for benefits under Medicare.

Right to Appeal: If an individual requests treatment as an AEI and is denied Premium Assistance by the group health plan an appeal to the Department of Labor may be made by the individual. The Department of Labor will review the denial within 15 business days and make a determination of eligibility of assistance eligibility.

Penalty for Failure to Notify Health Plan of cessation of eligibility for COBRA Premium Assistance: Any person required to notify a group health plan they are no longer eligible shall pay a penalty of 110% of the premium reduction provided for after the termination of eligibility occurred. No penalty shall be imposed with respect to any failure if it is shown that such failure is due to reasonable cause and not to willful neglect.

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IMPORTANT: Please include this addendum with your existing summary plan description (SPD). Should you have any questions regarding this benefit change, please contact MEBS' Customer Service Department at (800) 968-6327.