



ATTENTION EMPLOYERS

We would like to take this opportunity to share the new COBRA legislation requirements and to assure you that we are in compliance with all of these changes.

Department of Labor Initial New Hire Notice: An initial written notice must be provided to each covered employee and spouse of the covered employee (if any) of the right to continuation coverage provided under the plan within 90-days of becoming covered by the plan. The new Labor Department regulations expand significantly the mandatory content of this initial notice. The hand delivery of a notice to the employee does not satisfy the requirement to provide the notice to all persons who are on the plan, i.e., the spouse and dependents at home. The only way to ensure that the spouse and dependents receive notice is by mailing the notices to the last known address.

Unavailability Notice: If the Plan Administrator determines that a qualified beneficiary or other individual is not entitled to COBRA coverage after the Plan Administrator receives a notice from the qualified beneficiary of a qualifying event, secondary qualifying event or Social Security Administration disability determination, the Plan Administrator must provide written notice of the unavailability of COBRA coverage within 14 days of receipt of notification of the qualifying event, which explains the basis of the determination.

Early Termination of COBRA Notice: The new regulations now mandate that the plan administrator provide notice of any termination of continuation coverage that takes effect earlier than the end of the maximum period of continuation coverage applicable to such qualifying event. Igoe & Company has always provided this early termination notice along with a revised HIPAA Certificate.

AB 1401: This bill affects all California regulated health plans. It is important for all Employers and Employees to understand that this bill in no way affects the Federal COBRA laws that we administer. If, and only if, the terminated Employee exhausts the 18 months of FEDERAL COBRA, they are then entitled to the California 18-month extension.

Igoe & Company Incorporated will send two notices to all qualified beneficiaries. These notices will inform the participant of the additional 18 months that they may be entitled to under Cal-COBRA and will refer them to contact their medical carrier. Twelve months

into their COBRA coverage, the COBRA participant will receive their first notice. The second notice is provided 15 months into their COBRA coverage. Please note that this additional 18-month extension is for insured medical plans only. The medical carrier will be administering the extension of benefits (as they do now with Cal-COBRA benefits). For all Aetna and CIGNA plans, Igoe & Company Incorporated has been provided enrollment forms, and do include those with the 15 month notice.

AB 254: COBRA Participants that have a COBRA qualifying event on or after January 1, 2005 will no longer be eligible for the California Health and Safety Code 1373.621 and California Insurance Code 10116.5 benefit extension (This is the California state mandated five (5) year extension where a qualified beneficiary must be 60 years of age and have worked for the company for five (5) years or more to reach age 65 or Medicare Entitlement). This Assembly Bill was signed into law on June 23, 2004. Any COBRA Participant that has a COBRA qualifying event prior to January 1, 2005 will still be eligible for the full five (5) year extension.

Check 21: Effective October 28, 2004, a new federal law called the Check Clearing for the 21st Century Act, or Check 21, went into effect. This law enables banks to process checks electronically using digital images instead of the original paper check. This will cut the “float time” on checks to 24 hours in many cases. This could result in a sharp rise in bounced checks for the COBRA Participants unless the funds are in their account prior to submitting a check to Igoe & Company Incorporated for their COBRA insurance premiums.

Checks returned by our bank for insufficient funds to Igoe & Company within the 30-day grace period will be charged a \$25.00 Returned Check Fee. This fee will be added to the COBRA Participants account balance. Replacement funds (cashiers check or money order) must be received within ten days from the date the COBRA Participant is notified by our office of insufficient funds or by the end of the 30-day grace period, whichever is earlier.