

Date: May 12, 2010

Re: *COBRA Health Insurance Continuation Premium Subsidy extended through May 31, 2010*

To: Egyptian Trust Participating Employer Groups

I have received several inquiries and questions concerning the extension of the COBRA subsidy (ARRA) program through May 31, 2010. Following are several points to consider as we come upon the end of the school year.

- This is the 3rd eligibility extension of this program and while we do not know if the program will be further extended, we fully expect it will be.
- If your last day of school is June 1, 2010 or later, and your employees will not be involuntarily terminated until June 1, 2010 or later, at this time, such employees DO NOT qualify for the COBRA subsidy program.
- If your last day of school is May 31, 2010 or prior, and your employees being RIF'd or involuntarily terminated are considered involuntarily terminated May 31, 2010 or prior, such employees DO qualify for the COBRA subsidy program.
- It's my understanding that there are varied contracts within each employer group. If your employer group rules or contracts extend coverage to teachers or any staff through the Summer months (7/31, 8/31, or 9/30) and those employees are considered involuntary terminations (at this time through May 31, 2010) then the COBRA subsidy offer will begin the 1st of the month following the end of coverage, whether it's 7/31, 8/31, or 9/30. The qualifying event for purposes of eligibility for the subsidy is involuntary termination of the covered employee's employment that occurs during the period beginning Sept. 1, 2008, and ending May 31, 2010. The individual must also be eligible for COBRA coverage, or similar state coverage, during this period.
- If you are not 100% confident employees that are being PERMANENTLY involuntarily terminated or RIF'd, Meritain recommends you do not send a termination notice until you are 100% certain of the employee status. If you send us a termination now of May 31, 2010 or prior you will need to use the free from "Other" field in Meritain's on-line enrollment program to explain the termination date, the coverage end date, and then the COBRA subsidy effective date. While we expect the COBRA subsidy program to be extended again, by waiting to enter your PERMANENT terminations until we know of a further extension, you can avoid the headaches that can accompany this process.
- Keep in mind that when you notify Meritain of a termination, we will immediately generate and send the appropriate COBRA notification. Considering the rate increases that go into effect on September 1, 2010, you will certainly not want to send in the terminations for those employees who are being involuntarily terminated and coverage does not end until August 31, 2010, until later in the summer. This will avoid the member receiving two sets of COBRA paperwork (one for rates currently in effect and another set when the rates are changed).

I have attached another document which includes much more detailed information about the COBRA subsidy program, including key questions and answers where I have commented in bold blue underlined and italicized font notations specific to the Egyptian Trust program. While this is a lengthy document, I believe this will answer the majority, if not all, of your questions relative to this program and process (as we know of today). As soon as we receive notification of another extension or any other changes in the program we will get them out to you immediately.

Should you have any questions relative to COBRA and this program please feel free to contact our COBRA Dept.

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Sincerely,

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