



11971 Foundation Place
Rancho Cordova, CA 95670

Name
Address
City, ST Zip

Date

RE: Assembly Bill 23 (The "Bill") Cal-COBRA: premium assistance

Dear Valued Health Net Customer:

As you know, the referenced Bill provides for a 65 percent subsidy of Cal-COBRA continuation coverage premiums for qualified beneficiaries that were *involuntary* terminated from employment in the period from September 1, 2008 through December 31, 2009. The Bill also provides a special 60-day election period for qualified beneficiaries that experienced an *involuntary* termination of employment on or after September 1, 2008 but prior to February 17, 2009 (the "enactment" date), but did not elect Cal-COBRA during their initial 60-day election period, or elected Cal-COBRA coverage but subsequently lost that coverage prior to the enactment date.

The Bill requires that all Cal-COBRA subsidies must be administered and recovered by the carrier. The bill permits Health Net to request verification of the involuntary termination of any qualified beneficiary seeking premium assistance from their former employer. This will help Health Net meet the notice requirements and effectively administer the ongoing eligibility and premium remittance requirements of the Bill. Health Net is providing the enclosed list identifying all members from your group who had a qualifying event from September 1, 2008 through May 8, 2009. Please review the enclosed list and indicate the members who were involuntarily terminated from employment and their last day worked. Additionally, please verify that the member information we have provided on the list is correct.

Please return the enclosed member report, signed and dated with your revisions to Health Net within (10) calendar days of the date of this letter so we may confirm who is eligible to receive the subsidy. No other form of verification will be accepted other than the enclosed member listing as it includes very specific information that will be necessary for Health Net to process each potentially eligible member. We have also provided a blank form for any future members that may experience a qualifying event going forward. This form may be completed with all member information and forward to Health Net for any future members.

The U.S. Department of Labor has published model Cal-COBRA Premium Reduction application forms for issuing to the potential AEI's (Assistance Eligible Individuals). This application will be sent to all members by Health Net along with the Cal-COBRA Continuation Coverage Election Form from experiencing a qualifying event during the September 1, 2008 through December 31, 2009 period, not just those related to involuntary termination of employment. The completed Cal-COBRA Premium Reduction application form is to be sent by the applicant to Health Net at the address listed on the form. Health Net will process the form for members eligible for premium assistance and bill the members 35 percent of their Cal-COBRA premium and will also bill the IRS for the remaining 65 percent premium.

Individuals who are denied status as AEI's and therefore denied eligibility for the premium reduction, may appeal such decision to the U.S. Department of Health and Human Services at www.HHS.GOV or 1-877-696-6775. Individuals who are denied status because the employer fails to confirm the termination status was involuntary, may also appeal to the U.S. Department of Health and Human Services at www.HHS.GOV or 1-877-696-6775 as well. Under the Bill, the Department of Health and Human

Services must make a determination within 15 business days of receipt of a completed request for review. The Department of Health and Human Services is developing processes and forms required for appeals.

Employer Actions:

- Review the enclosed list, identify the involuntary terminations from employment, make any changes/updates necessary and forward to Health Net, 11971 Foundation Place, Rancho Cordova, CA 95670, Attn: Cobra Direct Pay Unit, Mails top: CA-903-02-05.
- Moving forward, you will be required to provide Health Net with verification of involuntary termination of individuals applying for the premium assistance.

Additional Health Net Actions:

- Upon receipt and review of completed Cal-COBRA Premium Reduction Applications, Health Net will enroll AEI's under the Premium Reduction Program and bill the members 35 percent of their Cal-COBRA premium. Health Net will take the 65 percent subsidy as a reduction to payroll tax deposits and/or the IRS Form 941.

Enclosure(s): Member Listing
 Return Envelope