

**IMPORTANT NOTICE ABOUT OBLIGATIONS YOU HAVE UNDER COBRA /VIPER  
WITH THE VACE / CIGNA HEALTH PLAN AND VACE / DELTA DENTAL PLAN  
April 10, 2009**

The Federal stimulus package, which was enacted into law in February 2009 by Congress as the American Recovery and Reinvestment Act of 2009 (ARRA), temporarily reduces the premium for COBRA or VIPER coverage for eligible individuals. COBRA allows certain people to extend employer-provided group health and / or dental coverage. COBRA applies to employers with 20 or more employees.

Vermont has its own extension of benefits law (VIPER), which applies to employers with less than 20 employees and currently provides for 6 months of extended coverage. While COBRA covers health and dental benefits, VIPER only covers health benefits.

Individuals who were/are eligible for COBRA coverage due to an **“involuntary”** termination from employment that occurred from September 1, 2008 through December 31, 2009 and who elect COBRA, may be eligible to pay a reduced premium. Eligible individuals pay only 35% of the full COBRA premiums under their plans for up to 9 months. The employer may recover the remaining 65% of the premium by taking the subsidy amount as a credit on its quarterly employment tax return. You must remit the full insurance premium to VACE.

If the individual was offered Federal COBRA continuation coverage as a result of an **“involuntary”** termination of employment that occurred at any time from September 1, 2008 through February 16, 2009, and that individual declined to take COBRA at that time, or elected COBRA and later discontinued it, he/she may have another opportunity to elect COBRA coverage and pay a reduced premium. **As an employer subject to COBRA you have a legal responsibility to reach out to any employees who might be eligible for this subsidy.**

Individuals who were/are eligible for VIPER coverage due to an **“involuntary”** termination from employment that occurred from February 17, 2009 through December 31, 2009 and who elect VIPER, may be eligible to pay a reduced premium. Eligible individuals pay only 35% of the full VIPER premiums under their plans for up to 6 months. Under VIPER the employer may recover the remaining 65% of the premium under a process yet to be identified.

If the individual was/is offered Vermont VIPER continuation coverage as a result of an **“involuntary”** termination of employment that occurred at any time after February 17, 2009 and that individual declined to take VIPER at that time, or elected VIPER and later discontinued it, he/she may have another opportunity to elect VIPER coverage and pay a reduced premium.

VACE has sent an informational mailing to all potentially eligible individuals whose health and/or dental insurance was terminated during the above time periods, informing them of this opportunity and advising them to contact their previous employer. Note that this mailing was informational only and does not meet the notification requirements of ARRA. VACE will as best possible post forms, Q&A's and instructions on the VACE website ([www.VACEInsurance.com](http://www.VACEInsurance.com)). **For VIPER employers it is anticipated that all completed forms and documentation by employees will be returned to the employer and copies forwarded to VACE.**

For additional information we strongly encourage you to also check [www.dol.gov/COBRA](http://www.dol.gov/COBRA) or [www.bishca.state.vt.us/HcaDiv/consumerpubs\\_healthcare/tips\\_COBRA\\_cont\\_stimulus.htm](http://www.bishca.state.vt.us/HcaDiv/consumerpubs_healthcare/tips_COBRA_cont_stimulus.htm) for updates or other state websites if you have former employees residing outside Vermont.