



[Type Return Address Street here]
[Type Return Address City, etc. here]

[Type Employee name]
[Type Title here if needed]
[Type Department]
[Type Telephone number]
[Type Fax number]

Insert [Month Day, Year]

[Type Addressee Name here]
[Type Addressee Title here]
[Type Addressee Company here]
[Type Addressee Street Address here]
[Type Addressee City, State, Zip+4 here]

Dear _____:

We want to make sure you know about new Pennsylvania legislation (HB 1089), which provides a nine-month state continuation period.

The new Pennsylvania requirements for state continuation

Pennsylvania HB 1089 of 2009, effective on July 10, 2009, makes employees (and their eligible dependents) who are employed by a small group (2 to 19 employees) eligible for Pennsylvania state continuation when coverage is lost due to a qualifying event (i.e. the date the coverage would otherwise terminate). This coverage is available for up to 9 months.

The employer must give the terminating employee notice of continuation within 30 days of the date insurance would otherwise terminate. The employee or former spouse has 30 days from the date of the notice to elect continuation and make the necessary premium payment. The employer must then notify us within 14 days of the member's election for state continuation.

This law applies to small group (2-19 lives) new and existing fully insured group medical plans including indemnity PPO, POS, HMO, multiple employer trust plans and association plans. This law does not apply to self insured plan, individual medical, medical conversion, stand-alone pharmacy, stand-alone dental, stand-alone vision, or to Group Insurance Products (Life, Life Conversion, LTC, TDI/LTD, or AD&D).

Enrollment for qualified beneficiaries

When we hear from you, we will either reinstate or continue the member's coverage for the 9-month period, or until we receive a request from you to terminate the member's coverage.

The Recovery and Reinvestment Act of 2009 (ARRA) and its impact to Pennsylvania state continuation

The American Recovery and Reinvestment Act of 2009 (ARRA), passed by Congress in February, provides for a 65 percent subsidy on COBRA and COBRA-comparable state continuation premiums for certain assistance-eligible individuals for up to 9 months. (Note: Comparable COBRA-coverage is not defined in ARRA.)

Who is eligible for the subsidy

With respect to Pennsylvania state continuation, an assistance-eligible individual is a qualified beneficiary under COBRA-comparable state continuation who meets the all the following conditions.

- Employment was involuntarily terminated between July 10, 2009, and December 31, 2009; and

- The person elects continuation coverage of health benefits, as made available under state law, between July 10, 2009, and December 31, 2009.
- The person has not exhausted his or her state continuation right as mandated by state law.
- The individual's modified adjusted gross income is not more than \$125,000 (individual filer)/\$250,000 (joint filer).

Under ARRA, assistance-eligible individuals are only required to pay 35 percent of the cost of the continuation coverage for a period of 9 months. The premium reduction period will begin with the first coverage period following the enactment of Pennsylvania HB 1089, effective July 10, 2009

What you need to do

You must send Aetna an Employer Attestation (copy attached) for any individuals who are eligible for the subsidy. Our billing area will accept the 35 percent premium payments that you send to us where applicable. In addition, because ARRA requires carriers to provide the subsidy of 65 percent for individuals on state continuation, we must document all individuals eligible for this subsidy.

If you have questions, please call the phone number listed on your latest premium statement.

Thank you for your support.

Aetna



**Employer Attestation
ARRA State Continuation
Employee Subsidy**

Please send completed form to:

Aetna, Inc.
Attention: ARRA
P.O. Box 14390
Lexington, KY 40512

Employer Information – Please Print

| | | | | | |
|------------------|--|-----------------------------------|--|------------------|----------|
| Name of Employer | | Control Number/Group Number/PSUID | | Telephone Number | |
| Street Address | | City | | State | ZIP Code |

The American Recovery and Reinvestment Act of 2009 (the Act) provides for 65% subsidy on COBRA-comparable state continuation premiums for certain assistance eligible individuals (AEI) for up to 9 months. The AEI pays 35% of the premium.

With respect to state continuation, an individual is an AEI if:

- the individual elected state continuation coverage at any time during the period beginning September 1, 2008 and ending December 31, 2009; and
- the continuation coverage qualifying event consists of the involuntary termination of employment; and
- the individual's modified adjusted gross income is not more than \$125,000 (individual filer)/\$250,000 (joint filer).

We are asking that you complete this form for each AEI to assist us in administering the subsidy for the impacted members. According to the Act, it is the insurer's responsibility to fund and seek reimbursement of the 65% subsidy through a payroll tax credit.

According to the Act, an AEI may change the coverage option(s) for continuation coverage to a different plan than what he or she had on the last day of employment, if the former employer permits and offers other coverage options. The alternate plan must be offered to active employees and at the same cost or less than the original plan. We are asking that you complete the sections below to confirm if this is an available option.

Send the completed form to the address at the top of this form. If you have questions, please contact us by accessing our Customer Service department. The telephone number can be found on your most recent premium statement.

Assistance Eligible Individual (AEI) – Please Print

| | | | | | |
|--|----------------------------|--|--|---|----------|
| Name | | Social Security Number | | Aetna ID Number | |
| Street Address | | City | | State | ZIP Code |
| Name of State AEI is continuing coverage under (i.e., Kansas, Florida) | | Qualifying Event Reason (i.e., involuntary termination) | | Qualifying Event Date (AEI's loss of date) | |
| Length of State Continuation (number of months, days) | Monthly Premium Charged \$ | Effective Date of Subsidy* | | Termination Date of State Continuation | |
| Do you offer different coverage to active employees? <input type="checkbox"/> Yes <input type="checkbox"/> No | | Is the premium for the different coverage the same as or lower than the coverage the individual had at the time of the qualifying event? <input type="checkbox"/> Yes <input type="checkbox"/> No | | Do you allow AEIs to switch their coverage to a different plan? <input type="checkbox"/> Yes <input type="checkbox"/> No | |

* The premium reduction applies on the first "period of coverage" beginning on or after February 17, 2009 and lasts a maximum of 9 months. The premium reduction applies on March 1, 2009 for plans that bill on a calendar month. For groups that do not bill on a calendar month the premium reduction will start on the first day of the billing period. After the maximum of nine months of subsidy, the AEI can elect to continue unsubsidized coverage for the balance of continuation allows under state continuation. An AEI's entitlement to the subsidy also ends when he or she becomes eligible for other group coverage or Medicare, or reaches the maximum COBRA continuation period. There is no premium reduction for premiums paid for periods of coverage prior to February 17, 2009.

Dependent Information – Please Print

| Dependent Name | Relationship** | Social Security Number | State | Zip Code |
|----------------|----------------|------------------------|-------|----------|
| | | | | |
| | | | | |
| | | | | |

** Relationship: spouse, son, daughter, stepson, stepdaughter, grandchild, foster child, etc.

| | | |
|---|-------|------|
| I certify that the above employee has been terminated involuntarily | | |
| Signature | Title | Date |