

# American Recovery and Reinvestment Act 2009

## Background

The American Recovery and Reinvestment Act (ARRA) of 2009 was enacted into law by Congress to provide premium subsidies to participants that lost their jobs as the result of involuntary termination through the end of May 2010.

As a result of ARRA, the Health Care Tax Credit (HCTC) subsidy also increased from 65% to 80% for anyone who qualified for HCTC. However, effective March 2011, the HCTC subsidy amount returned to 65%.

As of August 31, 2011, the last group of eligible recipients, those that began receiving assistance beginning in May 2010, will cease to be eligible for the subsidy. Currently there is no Congressional activity pending to extend this subsidy further.

## What does this mean?

This means that as of September 1, 2011, those COBRA participants who were receiving the 65% subsidy will no longer receive the subsidy and they will be responsible for the full 102% premium payment.

Participants will see the full premium payment reflected on their COBRA Coupons as well as on the website.

## Reporting

WageWorks will continue to provide the ARRA reporting for the legacy participants on the website. These reports will be available to our clients for the required 941 reporting as well as any audits that may be required.

## Exception

An exception where ARRA may continue for participants would include an individual who was involuntarily terminated prior to May 31, 2010, but whose loss of coverage started at a later date. Individuals qualified on or before May 31, 2010 may continue to pay reduced premiums for up to 15 months as long as they are not eligible for Medicare, another group health plan even if their COBRA coverage did not start until a later date due to terms of a severance agreement, or the use of banked hours that delayed the start of their COBRA coverage.

## Questions

If you have any questions, please reach out to your Account Manager.

## Changes Since ARRA

Since the Expiration of ARRA on February 13, 2011 there were a couple of changes that impacted HCTC:

- ▶ As of March 2011, the 80% tax credit returned to 65%. For those enrolled in HCTC, the change was effective on their March invoice.
- ▶ The 65% subsidy will cease for participants effective August 31, 2011 (with a few minor exceptions).