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Dear Clients and Friends:

We want to make you aware of your benefits under an important new federal law, the American Recovery and Reinvestment Act of 2009, enacted February 17, 2009. Under the ARRA, certain terminated employees are entitled to a significant reduction in premium costs for COBRA¹ health care insurance for themselves and their dependents.

Below are the specifics of this new law. In a nutshell: if you suffered or will suffer involuntary job loss *any time after September 1, 2008 and before December 31, 2009*, and you had the employer's health insurance at the time of your termination, and you earn less than \$125K per year (\$250K if you are a joint filer), you are likely eligible for these benefits.

Please note that because this law is so new, you may be hearing about this new benefit from us before you are notified by your former employer. This is because the federal government has not yet provided employers with the kinds of documents that are generally provided to give guidance to employers on how to meet their burden under various laws, and employers are therefore scrambling to put in place the various forms and documents that they need to come into compliance.

The law's chief feature is the premium subsidy. Under the new law, a qualified individual and dependents on COBRA must pay *only 35%* of the monthly premium; the remainder is subsidized by the federal government, which will reimburse the employer. This is a huge boon, since until now, the employee had to pay the entire COBRA premium.

Be aware that you can stay on COBRA for up to 18 months (as before), but you are only eligible for this subsidy for up to 9 months. There are certain conditions that

¹ The new law, ARRA, applies to *all* New Jersey employers who provide health insurance continuation, not just those who specifically provide it via federal COBRA. In New Jersey (and most other states), smaller employers still provide health insurance continuation under a state law equivalent to COBRA.

would terminate your qualification for the subsidy (such as if you become eligible for another group health insurance plan.).

Also, note that this new subsidy only applies to those who became or become unemployed *against their will*. If you qualified for COBRA because of another reason (for example, if you quit, or your hours were cut back), you are not eligible for the subsidy.

If you were eligible for health care continuation due to involuntary job loss after September 1, 2008, but declined due to the cost, the ARRA allows you to enroll at this time so that you can take advantage of the subsidy for the remainder of your COBRA period. You can only enroll for a limited time, however – you have until April 17 (60 days from the law's enactment on February 17, 2009).

If you are on COBRA now or you were involuntarily terminated on or after September 1, 2008 and would like to take advantage of this new law, we urge you to contact your employer. If you need assistance in obtaining your rights under the new law, please contact us. We will be glad to help.

Very truly yours,

A handwritten signature in black ink, appearing to read "Neil H. Deutsch". The signature is fluid and cursive, with a long horizontal stroke at the end.

Neil H. Deutsch, Esq.