

## BRIEFLY...

Highlights of Report Number 18-09-003-12-001, to the Assistant Secretary for Employee Benefits Security.

### WHY READ THE REPORT

Health insurance programs help workers take care of their families' essential medical needs. Until 1986, employer-provided group health coverage was at risk if an employee was fired, changed jobs, or got divorced. That changed with the passage of the Consolidated Omnibus Budget Reconciliation Act (COBRA) in 1986 which gave workers who lost their jobs and health benefits, the right to purchase group health coverage under certain circumstances. An employee and his/her family can retain their group health coverage for up to 18 months by paying group rates.

The President signed the American Recovery and Reinvestment Act of 2009 (ARRA) on February 17, 2009, to, among other things, provide assistance to the unemployed by providing COBRA premium assistance. Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit. The premium assistance applies to health coverage beginning on or after February 17, 2009, and lasts for up to 9 months for those eligible due to an involuntary employment termination. ARRA also provides for appeals if premium assistance is denied.

For COBRA covered plans, the Employee Benefits Security Administration is responsible for providing outreach and education and reviewing appeals.

### WHY OIG CONDUCTED THE AUDIT

Our overall audit objectives were to answer the following questions:

1. Has EBSA provided outreach related to COBRA premium assistance?
2. Has EBSA established a system to timely review appeals of premium assistance denials?

### READ THE FULL REPORT

To view the report, including the scope, methodology, and full agency response, go to:

<http://www.oig.dol.gov/public/reports/oa/2009/18-09-003-12-001.pdf>

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## RECOVERY ACT: EBSA COULD IMPROVE SOME ASPECTS OF ITS IMPLEMENTATION OF THE COBRA PREMIUM ASSISTANCE PROVISIONS

### WHAT OIG FOUND

EBSA quickly started numerous outreach activities to implement the COBRA provisions under ARRA. Specifically, EBSA (1) responded to more than 110,000 telephone inquiries related to COBRA premium assistance; (2) created model notices to help plan administrators provide notice about the premium assistance; (3) expanded the EBSA website to include COBRA premium assistance information; (4) disseminated COBRA premium assistance; and (5) expanded enforcement investigations to include ARRA requirements.

However, there are aspects of the outreach program that EBSA could improve. Specifically, three of four DOL-funded One-Stop Centers we visited did not have COBRA premium assistance information available. In addition, EBSA did not use enforcement results to help evaluate outreach efforts. Finally, EBSA had not developed written resource contingency plans to help ensure that it could meet the 15-day deadline for deciding COBRA appeals. In addition, electronic copies of determination letters sent to appellants contained unreliable issuance dates. Finally, EBSA's appeal decision was not stated at the beginning of the determination letters sent to appellants, which could make it difficult to locate.

### WHAT OIG RECOMMENDED

We made five recommendations to the Assistant Secretary for Employee Benefits Security related to (1) increasing outreach efforts by improving coordination with Employment and Training Administration (ETA) to ensure ARRA COBRA premium assistance materials are displayed and distributed at all One Stop centers, (2) using feedback from enforcement investigations to help assess outreach efforts, (3) developing a resource contingency plan, (4) improving controls to assure accurate dates are used on applicant determination letters, and (5) redesigning the letters sent to appellants to make the determination easier to locate.

In its response, EBSA provided additional information on the challenges that EBSA faced and the amount of planning and work invested in implementing the new program. EBSA has initiated or planned action on 4 of the 5 recommendations. However, the Assistant Secretary did not agree with the recommendation to develop more detailed resource contingency plans.