



COMPLIANCE CORNER

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UPDATED COBRA FACT SHEET AVAILABLE

The Employee Benefits Security Administration (EBSA), a division of the Department of Labor, has posted an updated fact sheet on the COBRA web page with information on the extension of the COBRA premium reduction as it relates to various topics. The fact sheet clarifies changes regarding eligibility for the premium reduction, the extended period of coverage, new notice requirements, instructions for expedited reviews of denials of premium reduction, information regarding switching benefit options, and income limits.

[Click here to view the updated EBSA fact sheet.](#)

IRS RELEASES PUBLICATION 503 FOR 2009 RETURNS

The newest edition of Publication 503, Child and Dependent Care Expenses, was released by the Internal Revenue Service (IRS). This version is substantially the same as the 2008 version, except that any reference to Schedule 2 has been removed as this is now an obsolete schedule. Plan sponsors of Dependent Care Assistance Programs (DCAP) under a Section 125 cafeteria plan should use caution when using this publication to determine whether an expense is eligible for reimbursement. This is because the rules for employer sponsored DCAPs vary from the Dependent Care Tax Credit that is specially addressed in Publication 503.

[Click here for more information.](#)

»» STATE UPDATES

Arkansas

The Arkansas Insurance Department issued Bulletin 5A-2009 in response to the extension of the COBRA subsidy signed on Dec. 19, 2009 by President Obama. The bulletin clarifies that while the COBRA subsidy has been extended from 9 months to 15 months as a result of the federal extension, the subsidy for individuals under the state group continuation coverage will remain at 120 days. This is because 120 days is the maximum coverage period for state continuation. The Bulletin also provides a revised "Arkansas State Group Continuation of Coverage Election Form."

[Click here for more information.](#)

Illinois

Public Act 096-0833 was effective Jan. 1, 2010. The Act implements several requirements for group and individual accident and health insurance policies issued or renewed after Jan. 1, 2010. First, coverage requirements are expanded to include "habilitative services" for children. These increased requirements apply to children under 19 years of age with a congenital, genetic or early acquired disorder. Second, insurance law is amended to include rewards and other allowable incentives for "wellness coverage" as long as such coverage is not discriminatory and complies with federal law. Finally, a new law requires that group or individual major medical policies include coverage for prosthetic or custom orthotic care, including coverage for repairs and replacements.

[Click here to view Public Act 096-0833.](#)

Massachusetts

On Dec. 30, 2009, the Department of Revenue has announced the individual insurance mandate penalties for tax year 2010 in TIR 09-25. Massachusetts residents who are able to afford health insurance, but do not purchase coverage will be subject to a monthly tax penalty ranging from \$19 to \$93 based on family size, income level, and age. Those with income less than 150 percent of the federal poverty limit are exempt.

[Click here for more information.](#)

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