

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: April 2, 2009

SUBJECT: Fiscal Impact Statement – “Continuation of Health Coverage Act Amendment Act of 2009”

REFERENCE: Bill Number 18-173

Conclusion

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed legislation.

Background

The proposed legislation would amend the Continuation of Health Coverage Act of 2002 (“Act”)¹ to reflect provisions in the American Recovery and Reinvestment Act of 2009 (ARRA)² regarding the length of time certain employees shall have the right to continue coverage under their employers’ health benefit plans.

Currently under the Act, an employee has the right to continue coverage under the employer’s health benefits plan for a period of *three* months unless the employee was terminated for gross misconduct; is eligible for an extension of coverage required under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)³; or fails to complete timely election and payment as provided in the Act. The employee is solely responsible for paying the premium for this

¹ Effective June 25, 2002 (D.C. Law 14-149; D.C. Official Code § 32-732(a))

² Approved February 17, 2009. Pub. L. No. 111-5

³ Approved April 7, 1986. 100 Stat. 82; codified in scattered sections of the U.S. Code

continued coverage; the District of Columbia Government or other employers do not pay or subsidize this cost at all.⁴

Under the ARRA, there is still no obligation for the District of Columbia Government or any other employer to pay any portion of this continued coverage; however, the federal government will pay for 65 percent of the cost, leaving the employee responsible for only 35 percent. This premium reduction is available for up to *nine months* to an employee who is eligible for COBRA continuation coverage at any time during the period from September 1, 2008 through December 31, 2009; elects COBRA coverage (when first offered or during the additional election period provided by ARRA); and whose COBRA election opportunity relates to an involuntary termination of employment that occurred at some time from September 1, 2008 through December 31, 2009.⁵

This bill would allow these employees the right to continue coverage under their employees' health benefits plans for as long as they are eligible for this premium assistance under the ARRA. As stated above, this is likely to be nine months, unless they become eligible for another group health coverage plan or Medicare. This bill does not affect the length of continued health care coverage for any other type of employees.

Financial Plan Impact

Funds are sufficient in the FY 2009 through FY 2012 budget and financial plan to implement the provisions of the proposed legislation. Extending the period of time during which an employee eligible for premium assistance under the ARRA has the right to continue coverage under the employer's health benefits plan does not have an impact on the budget. The employee and the federal government bear the cost for the continued benefit, not the District of Columbia Government.

⁴ However, as provided in the Act, the covered individual's cost for continued coverage shall not exceed 102% of the group rate.

⁵ However, if the employee is or becomes eligible for another group health coverage plan (such as through a new employer or their spouse) or Medicare, he does not qualify for this premium reduction.