



U.S. Department of Justice

Justice Management Division

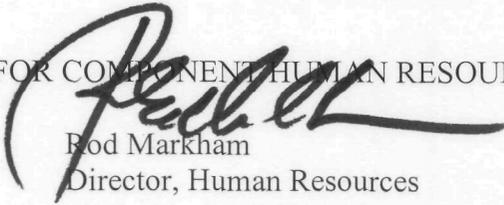
Human Resources

MAR 13 2009

Washington, D.C. 20530

MEMORANDUM FOR COMPONENT HUMAN RESOURCES OFFICERS

FROM:


Rod Markham
Director, Human Resources

SUBJECT: The American Recovery and Reinvestment Act of 2009

President Barack Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA) into law on February 17, 2009. Title III of Division B of the law provides that employees involuntarily terminated between September 1, 2008, and December 31, 2009, may receive premium assistance for their temporary continuation of coverage (TCC). The premium assistance is 65 percent of the health insurance premium for up to nine months, or until they become eligible for other group coverage, Medicare, or their 18-month TCC period ends, whichever is first.

Components need to identify former employees involuntarily separated and notify them of their eligibility for the TCC premium assistance within 60 days of enactment of the Act. The Office of Personnel Management (OPM) will issue a Benefits Administration Letter (BAL) in the near future that includes a sample notice for your use. My office will provide the BAL when OPM issues it. The notice to eligible individuals informs them about the availability of the premium assistance, and advises them that their enrollment may be in the health plan they had when they separated or a lower cost plan.

Individuals eligible for assistance fall into two categories: 1) those who elected TCC when they terminated, and 2) those who did not. The first group may elect to receive premium assistance prospectively for the lesser of nine months or the remaining time of their TCC eligibility. The second group has a new 60-day opportunity to elect TCC. They also may elect to receive premium assistance prospectively for up to nine months or for the remaining time of their TCC eligibility based on their termination date, whichever occurs first. Under the law, premium assistance is not available on a retroactive basis.

Individuals requesting the premium assistance must demonstrate their eligibility and notify their health plan and their servicing human resources office if they become eligible for other group health coverage. Failure to make this notification may subject the individual to a penalty of 110 percent of the premium assistance provided.

The new law provides premium assistance for affected former employees, but does not extend the 18-month TCC coverage for an additional period of time. Individuals may have TCC coverage but are not required to request the premium assistance.

High income individuals (income that exceeds \$125,000 individual, \$250,000 family) or those with a modified adjusted gross income above \$145,000 (\$290,000 family), who obtain premium assistance may be subject to additional taxes. The Internal Revenue Service website at: <http://www.irs.gov/newsroom/article/0,,id=204505,00.html> provides information for former employees.

At the present time, we do not know the Nature of Action Code needed to identify the affected individuals. OPM will respond to this issue, as well as providing a better definition of “involuntary separation,” how payroll offices receive the 65 percent premium from the agencies, and who pays the administrative two percent fee. When we have this information, we will advise your offices.

OPM requires agencies funding new hires with appropriations granted by ARRA to document this information on the SF-50 “Notification of Personnel Action” appointing the employee. OPM established the new legal authority code, ZEA/Pub. L. 111-5 for that purpose. Your offices must cite ZEA/Pub. L. 111-5 in addition to any existing OPM-required legal authority code(s) on appointment actions funded with appropriations granted by ARRA effective as of February 17, 2009. OPM may request reports regarding the use of this authority.

Please contact Ms. Jamie Higgins, HR Policy and Advisory Services, for additional information. Her phone number is (202) 514-5781, and electronic mail address is Jamie.A.Higgins@usdoj.gov.