

Nielsen COBRA Subsidy Employee FAQ's

UPDATED LEGISLATION December 19, 2009

Legislation extending and expanding the COBRA premium subsidy program was passed. The subsidy amount will remain at 65 percent, and eligibility would still be limited to employees losing health coverage due to involuntary employment terminations. The bill's changes to the current program are highlighted below.

Extended eligibility period. The subsidy program will cover employees becoming eligible for COBRA due to involuntary employment termination on or before Feb. 28, 2010. The extension includes COBRA-eligible individuals involuntarily terminated on Feb. 28, 2010, even if their COBRA begins on March 1, 2010.

Longer subsidy period. The subsidy period for eligible employees – including anyone now receiving the subsidy – would last for up to 15 months instead of just 9 months,

Eligible employees with exhausted subsidy periods. Individuals who exhausted their nine-month subsidy period before enactment of the new law will be eligible to receive the subsidy for another six months. Anyone who dropped COBRA after exhausting the subsidy will have an extension of their grace period to pay the reduced premiums. Anyone who continued COBRA and made higher premium payments after exhausting the subsidy will be given credits for future premium payments or a reimbursement of the overpayment.

New employer notice obligations. Fidelity will be mailing notices in compliance with the obligations under the new legislation. **These notices will be sent out based on required timing for COBRA Election Notices.**

Employees eligible for the Nielsen Retiree Medical Plan

I am on CTP and eligible for the Nielsen Retiree Medical Plan. Am I also eligible for the subsidy?

Yes. Terminated employees who are eligible for the Nielsen Retiree Medical Plan are eligible for the subsidy. You will pay the subsidized rate while on CTP. When your CTP period is completed, you will have the option of continuing COBRA at the subsidized rate if you have not exhausted the 15 months. After the 15 months of eligibility, you may enroll in the Retiree Medical Plan.

Employees on Long Term Disability

I am currently on Long Term Disability (LTD). What happens if I'm terminated from employment?

Employees approved for LTD are eligible for 29 months of COBRA coverage at the active employee rate. If you are terminated between September 1, 2008 and February 28, 2010 AND you are on LTD, you will be eligible for the subsidy at the time your coverage ends due to the

termination of your employment. You will be invoiced by Fidelity at the subsidized rate for the 15 months of Subsidy eligibility.

LEGISLATION March 1, 2009

COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985) allows certain people to extend employer-provided group health coverage if they would otherwise lose the coverage due to certain events such as divorce or loss of a job. The stimulus package, which was enacted as the American Recovery and Reinvestment Act of 2009 (ARRA) temporarily reduces the premium for COBRA coverage for eligible individuals. This is commonly referred to as the COBRA subsidy.

How do I know if I am eligible for the subsidy?

- Anyone "involuntarily terminated" between **September 1, 2008 and December 31, 2009** is entitled to the subsidy unless they are terminated for gross misconduct.
- If you are eligible for any other group health plan (for example, a plan sponsored by a new employer or your spouse's plan), or are eligible for Medicare, you are not entitled to the subsidy.
- The income level where the subsidy no longer applies is \$125,000 for single taxpayers and \$250,000 for joint taxpayers. You can still elect the subsidy, but if your adjusted gross income is too high at the end of the year, you will have to claim the amount of the subsidy as taxable income when you file your tax return.

How much is the subsidy?

If you are eligible for the COBRA subsidy, the government will pay 65% of your total premium and you will be responsible for the remaining 35%. The premium includes the 2% administration fee. For example, if your total monthly premium including the 2% administration fee is \$1,000, the government will pay \$650 and you will pay \$350.

What is considered "involuntarily termination" from employment?

The premium subsidy is available to individuals who were involuntarily terminated from employment between September 1, 2008 and December 31, 2009.

The Recovery Act itself does not define involuntarily termination. The Internal Revenue Service recently issued guidance regarding the definition of "involuntarily termination." According to the IRS guidance, an involuntary termination means a severance from employment due to the independent exercise of the unilateral authority of the employer to terminate the employment, other than due to the employee's implicit or explicit request, where the employee was willing and able to continue performing services. The determination of whether a termination is involuntary is based on all of the facts and circumstances.

What if I involuntarily lose my health coverage for reasons other than involuntary termination? Can I still get the subsidy?

In order to be eligible for the subsidy, there must be an involuntary termination of employment, not simply the involuntary termination of health coverage. Therefore, a qualified beneficiary who loses coverage due to COBRA-qualifying events other than an involuntary termination of employment, such as divorce, age-out of a dependent child, death of an employee, or the employee's absence from work due to illness or disability, is not eligible for the premium subsidy, even though they would be eligible to elect COBRA continuation coverage.

Are my family members eligible for the subsidy?

All qualified beneficiaries who were entitled to COBRA coverage at the time of the involuntary termination are entitled to the subsidy. The required information explaining all of the rules will be mailed to qualified beneficiaries no later than April 18, 2009.

Are domestic partners or same-sex spouses eligible for the subsidy?

Domestic Partners or same-sex spouses are not eligible for the subsidy themselves. However, if they are enrolled in family coverage, for example, under an employee that is subsidy eligible, the subsidy would apply to the entire family rate.

If I am eligible for the subsidy, when does the subsidy begin and how long does it last?

The subsidy applies to premiums for a period of coverage beginning on March 1, 2009. The subsidy can last for 9 months, but will end earlier if:

- you become eligible for Medicare or another group health plan such as a new employer's plan or your spouse's employer's plan (excluding any exclusionary or waiting periods); or
- you reach the end of your COBRA coverage period

Example:

Date of Involuntary Termination	Subsidy Effective Date	End of Subsidy (max of 9 months)	End of COBRA Eligibility (18 months from termination date)
10/31/2008	3/1/2009	11/30/2009	4/30/2010

What benefit plans are eligible for the subsidy?

All Nielsen medical, dental and vision plans are eligible for the subsidy.

Do I get the subsidy for COBRA coverage under my health flex spending account plan?

No. Any COBRA payments you make to a health Flexible Spending Account are not eligible for the subsidy.

Do I continue to pay my normal COBRA payment or do I automatically reduce it to 35% of the premium?

Continue to pay the normal COBRA premium at this time and you will receive information on when to reduce your premium. If you are eligible for the subsidy, you will be entitled to the subsidy effective March 1, 2009. Because it will take us time to provide the notice and implement the changes, **it is important that you continue to pay the full premium** and you will receive a refund from Fidelity in May for your overpayment for the months of March and April.

Can I receive the subsidy check for 65%?

No. Nielsen and Fidelity will administer the subsidy for you. All you have to pay is the 35% of the premium. Nielsen will then obtain the subsidy from the government when your premium is paid to Fidelity. Continue to pay your normal premium now until Fidelity provides you with additional information and instructions on how to pay the lower premium. Please watch for information from Fidelity. This information is due to be mailed no later than April 18, 2009.

What do I need to do to get the subsidy?

If you were involuntarily terminated between September 1, 2008 and now, we will be sending you the required information no later than April 18, 2009. There is nothing you need to do at this time. If you are not currently paying COBRA premiums, you will have 60 days from the date of the notice to elect COBRA continuation, under a Special Election Period. Fidelity will provide you with monthly payment coupons. If you are paying COBRA premiums, you will continue to pay the full premium until you receive the information from Fidelity instructing you on reducing your COBRA premium. Because the subsidy is effective in most situations as of March 1, 2009, if you pay the full premium for March and April, you will be refunded the overpayment in May by Fidelity.

What if I previously waived COBRA coverage and now want to sign up to get the subsidy?

If you were involuntarily terminated between September 1, 2008 and the present date, Fidelity will be sending you the required information no later than April 18, 2009. There is nothing you need to do at this time. If you are not currently paying COBRA premiums, you will have 60 days from the date of the notice (the Special Election Period) to elect COBRA continuation and Fidelity will provide you with monthly payment coupons. Please watch for our information that is due to be mailed no later than April 18, 2009.

Can I elect a different medical plan that the one I was enrolled in?

No. You must enroll in the same plan you were enrolled in prior to termination of employment.

How does the Special Election period work?

Eligible employees who lost their jobs between September 1, 2008 and now who either didn't sign up for COBRA or who signed up but dropped the coverage have another chance to sign up and get the reduced premium. ***The newly elected coverage and the subsidy will have an effective date of March 1, 2009***, and will last for a maximum of 9 months. The COBRA coverage will expire 18 months after the date COBRA coverage would have begun because of the original qualifying event. Once qualifying individuals receive notice from Fidelity, they will then have 60 days from the date of notice to accept COBRA coverage under the new terms.

EXAMPLE: If an employee was involuntarily terminated October 31, 2008, and did not elect COBRA beginning on November 1, 2008, the employee is now eligible, during the Special Election Period, to enroll in COBRA benefits effective March 1, 2009. (Coverage will not be retroactive back to November 1, 2008.) If the employee now chooses to elect COBRA coverage, the subsidy for this employee will end after nine months (November 30, 2009). However, the end of the person's COBRA eligibility will be April 30, 2010 (18 months from the termination date of October 31, 2008). The individual will be responsible for paying the full premium again for the remaining five months (December 1, 2009 - April 30, 2010). COBRA coverage will automatically continue past the end of subsidy and you will continue to be billed by Fidelity.

What if I sign up to get the subsidy, and subsequently become eligible for another group health plan or Medicare?

Once you become eligible for another group health plan (excluding any waiting period) or Medicare, you are no longer eligible for the subsidy. Eligibility for other group coverage is determined regardless of whether you take or decline the other coverage. In other words, you do not have to enroll in the other group health plan and can continue your COBRA coverage, but once you are eligible for coverage under the other plan you are **not eligible** for the subsidy and should pay the full COBRA premium. It is your responsibility to notify Fidelity if you become eligible for other group health plan coverage or Medicare, and a form will be provided for this purpose. **If you fail to notify your plan of becoming eligible for other group health plan**

coverage or Medicare AND continue to pay reduced COBRA premiums you could be subject to a fine of 110% of the amount of the premium reduction.

If I was not involuntarily terminated, will I receive any information regarding the subsidy?

Yes. You will receive a notice explaining the subsidy even if you were not involuntarily terminated and therefore not eligible for the subsidy. This notice will be mailed to you on or before April 18, 2009.

Is there an income cap on the subsidy?

Yes, individuals with adjusted gross incomes of \$125,000 and couples with incomes of \$250,000 will qualify for the full subsidy; for higher incomes, the subsidy is phased out.

I earned over \$125,000 in 2008, but I make less than that now that I'm on unemployment. Do I still qualify?

The income qualifications apply to the 2009 and 2010 tax years. Eligibility for COBRA subsidies doesn't depend on income, but:

- If your 2009 income exceeds \$145,000 for individuals or \$290,000 for families you'll have to claim the amount of the federal COBRA subsidy as taxable income when you file your 2009 income tax return.
- If your income is between \$125,000 and \$145,000 for individuals or \$250,000 to \$290,000 for families, you'll have to claim a portion of the federal COBRA subsidy as taxable income when you file your 2009 income tax return.

If the company believes that I am ineligible based on income, will the subsidy request be declined?

No. An employer may not refuse to provide the premium reduction to an individual it believes to be ineligible based upon income. Thus, even where your income subjects you to future recapture of the premium reduction, COBRA continuation coverage will be provided upon your payment of the 35 percent premium unless you have elected a permanent waiver of the premium reduction.

Is the income limit based on total income or adjusted gross income?

The income limit is based on a taxpayer's adjusted gross incomes in the applicable tax year.

Can I waive the subsidy?

If you wish to waive the subsidy to avoid having to repay the subsidy, please call the Fidelity Benefits Service Center. You will be charged the regular COBRA Premium. **Caution: A waiver of the subsidy is permanent and cannot be revoked, even if you wind up having less income for the year than you anticipated.**

Employees on CTP

Does this subsidy apply to me if I am on CTP and paying the active rate on a post-tax basis?

Yes. The subsidy for COBRA applies to 65% of what you're currently paying out of pocket for COBRA premiums.

Example: Assume your monthly post-tax deduction while on CTP is \$100 (your out of pocket COBRA premium). You will only be responsible for paying 35% or \$35 toward your COBRA coverage.

How long will the subsidy last for employees on CTP?

The subsidy will last for a maximum of 9 months, beginning with the start of your CTP period, but not earlier than March 1, 2009. While on CTP, you will be charged 35% of the active, post-tax rate for a maximum period of 9 months. Once your CTP ends, you will be billed by Fidelity at the 35% of the full COBRA premium. After the subsidy period expires or you are no longer eligible for the subsidy, you will be billed the full COBRA rate by Fidelity.

Example: CTP began April 1, 2009 and ends June 30, 2009. Your monthly CTP premium is \$100 and the full COBRA premium is \$200. The payment timeline would be as follows:

Timeline	Premium Charged	
	4/1/2009- 6/30/09	\$35 via payroll deduction
6/1/09-12/31/09	\$70 via Fidelity billing	35% of \$200 (full COBRA Premium)
1/1/10-9/30/10	\$200 via Fidelity billing	Full COBRA Premium

I started CTP on January 1, 2009. What happens to the payroll deductions that were already taken?

You will be refunded for the difference between the active, post-tax rate and the reduced subsidized rate you were deducted in any severance checks after March 1, 2009. There will be no refunds for deductions taken from severance checks prior to March 1, 2009. The refund will be issued via payroll in May.

What do I do if my gross adjusted income exceeds the income limit and I want to waive the subsidy?

If you wish to waive the subsidy to avoid having to repay the subsidy, please call the Fidelity Benefits Service Center and they will alert Payroll. You will be charged the regular active rate on a post-tax basis through your CTP Period. You will be responsible for contacting Fidelity when your CTP ends in order to waive the subsidy through them. **Caution: A waiver of the subsidy is permanent and cannot be revoked, even if you wind up having less income for the year than you anticipated.**