

SMALL BUSINESS

Health coverage extension confounds employers

Help with coverage

Details of The American Recovery and Reinvestment Act of 2009 as it applies to health coverage for laid-off workers:

- The 65 percent subsidy for health insurance premiums for eligible former employees applies to periods of coverage starting Feb. 17, and for up to nine months.
- Employers, plan administrators or insurance carriers must notify those who became eligible between Sept. 1, 2008, through Dec. 31, 2009, of the right to elect coverage.
- Election notices must be sent to those involuntarily terminated from last Sept. 1 through Feb. 16, who did not initially elect health coverage or who did but are no longer enrolled.
- The subsidy must be repaid for modified adjusted gross incomes exceeding \$145,000 (or \$290,000 for joint filers).

Source: Department of Labor

More information:

- General ARRA and COBRA information: dol.gov/ebsa/COBRA.html
- Subsidy information: Department of Labor Employee Benefits Security Administration's benefits advisers at 202-693-8335.
- Tax credit for the 65 percent subsidy: www.irs.gov/newsroom/article/0,,id=204709,00.html.

By CAROL FLETCHER
STAFF WRITER

Small businesses are struggling to understand the complexity of a new federal law that extends health coverage for laid-off workers and how they are affected under New Jersey law.

The American Recovery and Reinvestment Act, signed in February, will subsidize 65 percent of health-insurance premium costs for employees eligible for the Consolidated Omnibus Budget Reconciliation Act (COBRA) who are involuntarily terminated from their jobs between Sept. 1, 2008, and Dec. 31, 2009.

ARRA acts as an extension to COBRA, which defers to what the federal government calls the "mini-COBRA" laws of individual states, each with different eligibilities and requirements. COBRA requires employers or their health plans to offer former employees a temporary extension of health coverage that the employees usually pay for themselves.

New Jersey small-business owners are trying to understand how the requirements of New Jersey's version of COBRA, known as the New Jersey Continuation law, differ from those under

New federal program aids laid-off workers

ARRA.

Simone Wilker, who owns the print shop AlphaGraphics in Paramus with her husband, Bernie, said she didn't think she had to comply with ARRA. She is not required to offer COBRA benefits to former employees because she has fewer than 20 employees, while COBRA applies to companies with 20 or more.

However, Wilker's business comes under the New Jersey Continuation law, which requires businesses with fewer than 20 employees that were offering health insurance to offer insurance to eligible former employees.

"I thought because it [ARRA] was under COBRA that I didn't have to comply with that," said Simone. "I found that I do have to abide by that. I was really very concerned. Luckily, we had not laid anyone off."

Employees of Teaneck insurance broker Singer Nelson Charlmers have collectively spent about 70 to 80 hours learning about ARRA and

informing their customers about the issues through meetings, and three seminars – including one on the Web, said Vice President Abby Waxenberg.

She said employers questioned how they would recoup the 65 percent they have to pay toward the insurance premium for eligible former employees who elect coverage.

In one of several explanations of ARRA, the Department of Labor says: "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."

Waxenberg said the process as described has confused the brokerage's customers.

"The government is not going to 'reimburse' employers the 65 percent subsidy," Waxenberg said, because as an employer "you're not exactly fronting the subsidy; you're deducting it every time you would pay for payroll taxes."

Employers instead will be able to deduct the amount they would normally pay to the government on their quarterly Form 941 (the employer's quarterly federal tax return), she said, adding if the subsidy is more than payroll taxes, employers will get a refund of the excess.

THE WEEK AHEAD

Monday

■ Valley Toastmasters, "Overcome Fear of Public Speaking," 8 p.m., First Congregational Church, 276 Haworth Ave., Haworth. Call Romeo Abenoja, 201-244-0956; or visit valleytmc.freetoasthost.info.

Tuesday

■ Fairleigh Dickinson University, "Branding for Success," 7:15 p.m., Hennessy Hall Mansion, 285 Madison Ave., Madison. Speaker: Shau-wai Lam, chairman of Dah Hong Trading Corp. Free. Call 973-443-8842.

■ William Paterson University, "Non-Profit Management," 6 to 9 p.m., 1600 Valley Road, Wayne. Speaker: Donna Nelson-Ivy. Cost: \$45. Call Rosa Williams-Hopkins, 973-720-2354; or visit wpunj.edu/cpe.

■ Women's Business Center, "Start Right," 10 a.m. to 1 p.m., 15th floor, 2 Gateway Center, Newark. Free. Call 973-507-9700, or visit njawbo.org/wbc.

Steven Weinstein and members of municipal council. Speakers: Joanne Cimiluca, executive director of Bergen County Economic Development Corp.; Vincent D'Elia, regional director of Small Business Development Center at Bergen Community College; Joseph Rutch, director of Bergen County Community Development; Tammy Molinari, executive director of Bergen County Workforce Investment Board; Susan Johnson, vice president of continuing education at Bergen Community College Community Outreach and Grant Development. Free. Call 201-794-5344, or visit fairlawn.org. or fairlawnriverroad.com.

■ Mahwah Regional Chamber of Commerce, meeting, 5 to 7:30 p.m., aboard a boat departing Lincoln Harbor, Weehawken. Cost: \$50 to \$70, including supper. Call 201-529-5566, or visit mahwah.com.

■ Defense Procurement Center, "Doing Business with the Federal Government," 9:30 a.m. to noon, Bergen Community College, 400 Paramus Road, Paramus. Cost: \$25. Call Ria Bloss, 201-447-7466.

Call 201-621-5688, or visit letiphackensack.com.

Thursday

■ Business Referral Partnerships, meeting, 7:15 to 8:30 a.m., Matthew's Colonial Diner, 4 Franklin Turnpike, Waldwick. Featured speaker: Preben Karlsmark from Minuteman Press. Other attendees also will have an opportunity to describe their products and services. First-timers get free breakfast. Call Armando Nugnes, 201-247-4915; or e-mail Armando@armandoscleaning.com.

Friday

■ U.S. Small Business Administration and N.J. Chamber of Commerce, "Getting Government Contracts," 9:30 a.m. to noon, and an awards luncheon, noon to 2 p.m., Crowne Plaza Hotel, 390 Forsgate Drive, Jamesburg. Five speakers will lecture, and seven New Jersey business people will be honored. Cost: \$55 to \$70. Call Carol Gabel, 609-989-7888.

Incoming events

of Individual Investors, meeting, 6:30 p.m. May 11, Marriott Hotel, 138 Pehle Ave., Saddle Brook. Speaker: Rep. Scott Garrett, R-Wantage, will tell how government actions can affect investing. Cost: \$10 to \$15. Call 201-891-5038, or e-mail demby-inv@gmail.com.

■ Mahwah Regional Chamber of Commerce, meeting, noon to 2 p.m. May 12, Apolo's Restaurant, 61 E. Main St., Ramsey. Speaker: Bergen County Executive Dennis McNerney. Cost: \$30 to \$50. Call 201-529-5566, or visit mahwah.com.

■ Greater Hackensack Chamber of Commerce, "Business Expo 2009," 5:30 to 8:30 p.m. May 14, Hilton Hotel, 650 Terrace Ave., Hasbrouck Heights. Free. Call Darlene Damstrom, 201-489-3700; or visit hackensackchamber.org.

■ Traffic Club of Newark, "Protecting Yourself [Legally]," 6 p.m. May 14, Galloping Hill Inn, Chestnut Street and Five Points, Union. Speakers: lawyers Bryan D. Press and Lawrence G. Tosi. Call Joseph