



## Laid Off? New COBRA Regs May Save You Money On Health Insurance

*by* STEPHEN MCDONOUGH *on* MARCH 30, 2009

A new subsidy related to COBRA health benefits may provide financial assistance to individuals and families that have experienced a job loss. President Obama signed into law H.R. 1, the American Recovery & Reinvestment Act on February 17, 2009. Section 3001 (keep reading, there's a quiz at the end...!) provides a 65% federal subsidy of COBRA premiums for employees who were "involuntary terminated" between September 1, 2008 and December 31, 2009, subject to certain income limitations and other restrictions, of course. The subsidies are available for up to 9 months and apply to insured and self-insured group health plans, including dental and vision plans, that are subject to federal or state continuation of coverage laws.

COBRA, or the Consolidated Omnibus Budget Reconciliation Act of 1985 for you PATUA types, (People Against the Use of Acronyms) requires group health plans to offer certain individuals continued health coverage if they would lose their group health insurance as a result of a qualifying event, such as being terminated.

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Under COBRA, the former employee would normally have to pay the full cost of the coverage. Of course, paying the full cost of coverage is not so easy even if you have a job, so the fact that you just got terminated and don't have any income makes paying for COBRA especially fun. Alas, if your income is under 125k or 250k if filing jointly, you may now qualify for the 65% subsidy. The covered employee's spouse and dependent children also qualify.

Like any good government plan, there are other details, including the option for a terminated individual to elect COBRA and receive the subsidy even if they did not elect COBRA during their initial 60 day election period. For more info, I would suggest contacting your HR/Benefits Department, or try the Department of Labor website at [www.dol.gov/cobra](http://www.dol.gov/cobra).

During these exciting economic times, this subsidy could be especially valuable to families experiencing the additional financial strain of divorce. Couples should carefully consider this option when planning their health insurance strategy as it may provide some relief at least in the short-term.

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