



# Employment Law Monitor

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## **President Obama Extends the COBRA Premium Subsidy Period Until February 28, 2010**

On December 21, 2009, President Obama signed into law the Department of Defense Appropriations Act of 2010 (the "Act"). Among other things, the Act extends the COBRA premium subsidy previously enacted by the American Recovery and Reinvestment Act ("ARRA"), from December 31, 2009 until February 28, 2010. As most employers are aware, and as discussed in our [March 6, 2009 post](#), under ARRA, assistance eligible individuals are responsible for 35% of the premiums during the subsidy period and employers are responsible for 65% of the premium, but receive a payroll tax credit for the cost.

The Act makes clear that the qualifying event (involuntarily termination other than for gross misconduct or reduction in hours, which causes a loss of coverage) must occur before February 28, 2010. The individual need not actually lose coverage before February 28, 2010 to be eligible for the extended subsidy. This provision differs from ARRA, which required both the qualifying termination and the loss of coverage to occur before the end of the subsidy period. The Act also extends the subsidy period from nine (9) months to fifteen (15) months.

In addition, employers should be aware that the Act imposes upon them additional notice requirements. By February 17, 2010, employers must provide additional notice to assistance eligible individuals informing them of the changes made by the Act. In the event of a qualifying event occurring after December 19, 2009, the employer must give notice to assistance eligible individuals of their COBRA subsidy rights, consistent with the requirements of the ARRA.

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