

Client Advisory | *March 2010***COBRA Premium Subsidy Temporarily Extended Again**

On March 2, 2010, President Obama signed the Temporary Extension Act of 2010 (the “TEA”) extending the COBRA premium subsidy eligibility period for an additional month, through March 31, 2010.

This extension permits individuals who are involuntarily terminated between September 1, 2008 through March 31, 2010 to elect COBRA continuation coverage and pay only 35% of the COBRA premium for up to 15 months.

The TEA also makes the following changes:

- **Reduction in hours followed by an involuntary termination.** Individuals who lose group health plan coverage as a result of a reduction in hours on or after September 1, 2008, followed by an involuntary termination of employment between March 2, 2010 and March 31, 2010, will be eligible for the COBRA premium subsidy. The COBRA premium subsidy will only apply to periods of coverage following
- **Employer Determinations.** The TEA clarifies that an employer’s determination that the qualifying event for an individual was the employee’s involuntary termination of employment will not be subject to challenge by governmental authorities if the determination is based on a reasonable interpretation of the law and administrative guidance and the employer maintains supporting documentation.
- **Additional Penalties.** If the Secretary of Labor or the Secretary of Health and Human Services determines that an individual is eligible for the COBRA premium subsidy, the TEA permits the “affected individual” or the Secretary to bring a civil action to enforce the determination. In addition, the Secretary may assess a penalty against the plan sponsor or health insurance issuer of up to \$110 per day for each failure to comply the Secretary’s determination.

Although this short-term measure extends the COBRA premium subsidy eligibility period through March 31, 2010, Congress is considering a longer extension of the eligibility period, possibly to include involuntary terminations through December 31, 2010.

BOSTON MA | FT. LAUDERDALE FL | HARTFORD CT | MADISON NJ | NEW YORK NY | NEWPORT BEACH CA | PROVIDENCE RI
STAMFORD CT | WASHINGTON DC | WEST PALM BEACH FL | WILMINGTON DE | LONDON UK | HONG KONG (ASSOCIATED OFFICE)

This advisory is for guidance only and is not intended to be a substitute for specific legal advice. If you would like further information, please contact the Edwards Angell Palmer & Dodge LLP attorney responsible for your matters or:

Lori A. Basilico, Partner

401.276.6475

lbasilico@eapdlaw.com

This advisory is published by Edwards Angell Palmer & Dodge for the benefit of clients, friends and fellow professionals on matters of interest. The information contained herein is not to be construed as legal advice or opinion. We provide such advice or opinion only after being engaged to do so with respect to particular facts and circumstances. The Firm is not authorized under the U.K. Financial Services and Markets Act 2000 to offer UK investment services to clients. In certain circumstances, as members of the U.K. Law Society, we are able to provide these investment services if they are an incidental part of the professional services we have been engaged to provide.

Please note that your contact details, which may have been used to provide this bulletin to you, will be used for communications with you only. If you would prefer to discontinue receiving information from the Firm, or wish that we not contact you for any purpose other than to receive future issues of this bulletin, please contact us at contactus@eapdlaw.com.

© 2010 Edwards Angell Palmer & Dodge LLP a Delaware limited liability partnership including professional corporations and Edwards Angell Palmer & Dodge UK LLP a limited liability partnership registered in England (registered number OC333092) and regulated by the Solicitors Regulation Authority.

Disclosure required under U.S. Circular 230: Edwards Angell Palmer & Dodge LLP informs you that any tax advice contained in this communication, including any attachments, was not intended or written to be used, and cannot be used, for the purpose of avoiding federal tax related penalties, or promoting, marketing or recommending to another party any transaction or matter addressed herein.

ATTORNEY ADVERTISING: This publication may be considered “advertising material” under the rules of professional conduct governing attorneys in some states. The hiring of an attorney is an important decision that should not be based solely on advertisements. Prior results do not guarantee similar outcomes.

EDWARDS
ANGELL
PALMER &
DODGE

eapdlaw.com