

## ALERTS AND UPDATES

### Continuing Extension Act Lengthens COBRA Subsidy Period Again

April 30, 2010

By signing the Continuing Extension Act of 2010 (the “Act”) into law on April 15, 2010, President Obama has once again extended the eligibility period for the COBRA premium subsidy.

As we reported in our earlier *Alert*, [“COBRA Premium Subsidy Extended Once Again,”](#) the 65-percent COBRA premium subsidy was previously extended through March 31, 2010. The Act once again extends this eligibility period for an additional two months, now through May 31, 2010. In light of the Act, the definition of “assistance eligible individual” now covers a qualified beneficiary who was involuntarily terminated during the period from September 1, 2008, through May 31, 2010, and who elects the COBRA continuation coverage. An involuntary termination of employment that occurs on or after March 2, 2010, but by May 31, 2010, and follows a qualifying event that was a reduction of hours that occurred at any time from September 1, 2008, through May 31, 2010, is also a qualifying event. However, the Act did not change the maximum period for receiving the subsidy, which remains at 15 months.

For individuals who experienced a termination of employment on or after April 1, 2010, but before April 16, 2010, the Act requires the plan administrator to notify such individuals by June 15, 2010, of their rights and to allow them to elect COBRA coverage—taking into account the premium subsidy—up to 60 days after they are provided with such notice.

The Act extends the COBRA premium subsidy once again. Employers with participants who experienced a qualifying event on or after April 1, 2010, but before April 16, 2010, may want to ensure that the proper notices are being provided.

### About Duane Morris

Duane Morris assists employer and plan administrator clients in fulfilling their obligations under COBRA and other employee benefits-related laws. The firm will continue to monitor this topic and provide updated *Alerts* accordingly.

### For Further Information

If you have any questions about this *Alert*, please contact any of the [attorneys](#) in our [Employment, Labor, Benefits and Immigration Practice Group](#) or the attorney in the firm with whom you are regularly in contact.