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COBRA Subsidy is Extended Yet Again

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The COBRA subsidy about which we have recently written [several times](#), has been extended again and is now available for “involuntary terminations” through May 31, 2010. As we wrote in our recent posts, the COBRA subsidy provides that “assistance eligible individuals” are responsible for only 35% of their COBRA premiums during the subsidy period and employers are responsible for the remaining 65% of the premium, but receive a payroll tax credit for this cost. The COBRA subsidy was originally set to expire on December 31, 2009, but was extended to February 28, 2010 and then to March 31, 2010.

Employees who are involuntarily terminated between March 1, 2010 and May 31, 2010 are eligible for the COBRA subsidy. Additionally, the subsidy is available to individuals who were subjected to a reduction of hours between September 1, 2008 and May 31, 2010, followed by an involuntary termination occurring between March 2, 2010 and May 31, 2010. Such individuals are eligible for the COBRA subsidy regardless of whether they elected COBRA coverage at the time of their reduction in hours.

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