



Fox Rothschild LLP
ATTORNEYS AT LAW

JUNE 2010

LABOR & EMPLOYMENT DEPARTMENT

ALERT

THE END OF THE COBRA SUBSIDY?

By Steven K. Ludwig

With the federal government's total debt now exceeding \$13 trillion and with Election Day only five months away, Congress may be becoming more fiscally prudent. After several short-term extensions, the COBRA premium subsidy for eligible employees who were involuntarily terminated from employment expired at the end of May. While the conventional wisdom was that the subsidy would be extended until the end of the year, this now appears highly unlikely. There are still several bills kicking around Congress to extend the 65 percent subsidy; the most generous would extend benefits until the end of November. But fiscal hawks are pressing whether the extension of benefits is funded or will just add to the budget deficit.

As it stands, there is no COBRA subsidy available for employees who were involuntarily terminated from employment on or after June 1, 2010. If Congress acts though, it may do what it has done before and apply the extension retroactively to June 1. At least for now, dust off the old COBRA election forms and religiously watch C-SPAN or subscribe to Fox Rothschild's [Employee Benefits Blog](#) for the latest developments.

For more information about this Alert, please contact Steven K. Ludwig at 215.299.2164 or sludwig@foxrothschild.com, or any member of our [Labor & Employment Department](#). Visit us on the web at www.foxrothschild.com.



Fox Rothschild LLP
ATTORNEYS AT LAW

Attorney Advertisement

© 2010 Fox Rothschild LLP. All rights reserved. This publication is intended for general information purposes only. It does not constitute legal advice. The reader should consult with knowledgeable legal counsel to determine how applicable laws apply to specific facts and situations. This publication is based on the most current information at the time it was written. Since it is possible that the laws or other circumstances may have changed since publication, please call us to discuss any action you may be considering as a result of reading this publication.