

# Employment Law Monitor

INSIGHTS ON RECENT DEVELOPMENTS IN FEDERAL AND STATE LABOR & EMPLOYMENT MATTERS

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## COBRA Subsidy Is Extended Again

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On March 2, 2010, President Obama signed into law the Temporary Extension Act of 2010 (the "Act"), which extends COBRA subsidy eligibility through March 31, 2010. As we wrote in our [January 10, 2010 post](#), 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 the cost. The COBRA subsidy was originally set to expire on December 31, 2009, but was extended to February 28, 2010. The Act is a stop gap measure while Congress considers legislation that could further extend the COBRA subsidy through December 31, 2010.

Under the Act, employees who are involuntarily terminated between March 1, 2010 and March 31, 2010, are eligible for the COBRA subsidy. Additionally, the Act expands eligibility to cover individuals who were subjected to a reduction of hours between September 1, 2008 and March 31, 2010, followed by an involuntary termination occurring between March 2, 2010 and March 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. The Act also provides further guidance to employers regarding their determination as to whether an employee's termination was involuntary.

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