



Legal Alert: COBRA Subsidy Extended Until March 31, 2010

3/3/2010

On March 2, 2010, President Obama signed legislation that, among other things, extends the eligibility period for the COBRA subsidy provided in the American Recovery and Reinvestment Act (ARRA) for an additional 30 days. The Temporary Extension Act of 2010, H.R. 4691, extends the eligibility date for the COBRA subsidy from February 28, 2010 to March 31, 2010. The ARRA permits "assistance eligible individuals" to receive a 65% subsidy of the COBRA premiums they would be required to pay for any group health plan in which they participated at the time of their termination.

As originally enacted, an assistance eligible individual was one who was involuntarily terminated between September 1, 2008 and December 31, 2009. In December 2009 the eligibility date was extended to February 28, 2010 and the subsidy period was increased from 9 months to 15 months. For a more detailed discussion of these developments, please see our prior Legal Alerts: "Economic Stimulus Act Impacts COBRA Coverage," <http://www.fordharrison.com/shownews.aspx?show=4526>, and "President Extends COBRA Subsidy Under New Department of Defense Appropriations Act," <http://www.fordharrison.com/shownews.aspx?show=5718>.

The Temporary Extension Act also revises the ARRA to clarify that individuals who did not make or who discontinued a COBRA election on the basis of a reduction in hours that occurred at any time from September 1, 2008 through March 31, 2010 and who subsequently experience an involuntary termination of employment on or after March 2, 2010, are entitled to a special election of COBRA based on the involuntary termination of employment. However, the period for which such an individual is entitled to COBRA coverage is to be counted from the date of the reduction in hours (not the subsequent involuntary termination). The Act requires that these individuals receive notification of their COBRA special election rights and the availability of the subsidy within 60 days of their involuntary termination.

If you have any questions about the COBRA subsidy or other employee benefits issues, please contact any member of our Employee Benefits Practice Group or the Ford & Harrison attorney with whom you usually work.