



HR *insider*

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COBRA/Continuation Subsidy Extension – 3rd Time’s a Charm

A third COBRA subsidy extension has been approved by President Obama, who signed the Continuing Extension Act of 2010 (CEA) on Friday, April 16, 2010. The CEA retroactively extends the eligibility deadline for the COBRA subsidy from March 31, 2010 to May 31, 2010.

President Obama first authorized the COBRA subsidy under the American Recovery and Reinvestment Act of 2009 (ARRA). As you recall, this subsidy provides a 65% government subsidy to help assistance eligible individuals (AEIs) continue coverage under their employer’s health plan.

The second subsidy extension expanded the subsidy time period from nine to 15 months. The third COBRA subsidy extension provides for the same subsidy period (15 months) and subsidy percentages, but extends the deadline for eligibility to between September 1, 2008 and May 31, 2010.

Former covered employees need only to be involuntarily terminated on or before the May deadline to potentially become eligible for the subsidy, even if they don’t qualify to continue their health insurance through COBRA until after the deadline.

New model notices have not yet been released by the Department of Labor. So, for those of you who administer COBRA or continuation coverage internally, you may use the current notices located online, knowing you will be required to provide updated notices once released. Of course, we will monitor the DOL website and related resources and let you know of any postings as quickly as possible!

DOL Website: <http://www.dol.gov/ebsa/COBRAModelnotice.html>

On our radar

Congress had already passed a bill (H.R. 4213) that stretches out the COBRA subsidy eligibility deadline through the end of 2010; but congressional differences must be reconciled before this bill can become a new law. We will keep you updated on the passage of this bill!