



## COBRA Subsidy Extended

by Sarah E. Pawlicki

Almost as soon as the American Recovery and Reinvestment Act of 2009 (ARRA) passed on February 17, 2009, many commentators began pondering when the December 31, 2009 deadline of the COBRA subsidy would be extended. Because the health care debate occupied most legislators for 2009, the extension took a little longer than expected; but on December 19, 2009, President Obama signed HR 3326, the Department of Defense appropriations bill. HR 3326 contained an amendment extending the COBRA subsidy eligibility period from December 31, 2009 to February 28, 2010. Therefore, assistance eligible individuals involuntarily terminated from employment (other than for gross misconduct) resulting in loss of insurance benefits between September 1, 2008 and February 28, 2010 (formerly December 31, 2009), are eligible for the 65% subsidy.

HR 3326 also extended the length of time the subsidy is available to assistance eligible individuals. ARRA provided nine months of premium subsidy. Therefore, an employee who received the subsidy beginning June 1, 2009, would have lost the subsidy as of March 1, 2010. HR 3326 extended the subsidy eligibility to 15 months. Therefore, the employee who was going to lose the subsidy on March 1, 2010 will not lose the subsidy until September 1, 2010. Further, if individuals had

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already exhausted their nine months of subsidy eligibility and stopped paying their COBRA premiums as a result, those individuals will be able to retroactively pay their premiums at the subsidized rates for the remaining six months. Other assistance eligible individuals who exhausted the nine months subsidy and continued COBRA coverage paying the full premium rates must be reimbursed at the subsidy rate or provided a credit reducing future premium payments. Plan administrators must send notice to these individuals within 60 days.

Stay tuned for future legislation providing benefits to displaced workers as America continues to recover from the economic recession.



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