

LEGAL UPDATES

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Service

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Executive
Compensation

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Eligibility Period for COBRA Subsidy Extended through March 31, 2010

On March 2, 2010, President Obama signed the Temporary Extension Act of 2010 (the Act), extending the COBRA subsidy originally enacted by the American Recovery and Reinvestment Act of 2009 (ARRA) and previously extended by the Department of Defense Appropriations Act for Fiscal Year 2010 (the Defense Act).

The Act extends the eligibility period for the COBRA subsidy through March 31, 2010. It also expands the categories of individuals who are eligible for the subsidy to include an individual whose COBRA event was a reduction of hours and who was later involuntarily terminated on or after March 2, 2010. These individuals will be eligible for the subsidy even if they chose not to make a COBRA election after the reduction in hours or discontinued coverage after making an election. The Act treats the involuntary termination as a COBRA event giving rise to a new election period, thereby triggering an additional employer notification obligation. Other issues, including the 15-month duration of the subsidy period, the amount of the subsidy and how employers are reimbursed, remain unchanged.

The DOL's Employee Benefits Security Administration has already updated the introduction on the DOL COBRA web page to provide additional information about the Act including a link to the full text of the law. Additional information will be posted to the web site as it becomes available

What This Means to You

COBRA beneficiaries who are involuntarily terminated in March 2010 are eligible for the COBRA subsidy and must be notified of their eligibility, even if they had a prior COBRA event due to a reduction of hours. The DOL is in the process of posting updated materials that may be utilized with regard to these individuals.

Contact Info

If you have any questions about this or any other employee benefits and executive compensation matter, please contact your Husch Blackwell Sanders attorney.

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