

COBRA Premium Subsidy Ending for Some Participants

12/08/2009

BenefitMall would like to inform you that on Monday, November 30, federal assistance ended under the American Recovery Reinvestment Act of 2009 (ARRA) for individuals who have received the nine-month, 65 percent subsidy since it first became available. For many of your clients' COBRA participants, the subsidy became available in March, the first full month after the stimulus bill was signed.

While a COBRA subsidy extension remains uncertain, it is believed Congress will likely extend the law that subsidizes COBRA health care premiums for assistance-eligible employees. Democrats have introduced legislation outside of the health care reform bills to extend the COBRA subsidies.

Current proposals include the House's *Extended COBRA Continuation Protection Act of 2009* and the Senate's *COBRA Subsidy Extension and Enhancement Act of 2009*.

- The House bill would provide eligible COBRA participants with an additional six months of premium subsidies.
- The Senate bill includes the same measures, but would also increase the subsidy amount to 75 percent.

No new legislation action has been taken on those measures.

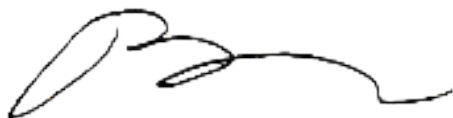
At the time ARRA was passed last February, the Joint Committee on Taxation estimated that the subsidy would cost the federal government about \$25 billion and benefit about 7 million jobless individuals and their families. No new government figures have been released.

If the subsidy is extended, the amount of changes to the current COBRA administrative system would be significantly less compared to earlier this year than the subsidy legislation was enacted. Some changes, however, would be necessary if the extension allows those individuals whose ARRA subsidy ended after nine months in November 2009 or later to get back on subsidized COBRA coverage.

As we continually receive further information on the COBRA Subsidy Act, we will be

sure to inform you in a timely manner. If you have any questions regarding these changes, please contact your local BenefitMall Sales Team.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bernard DiFiore', with a stylized flourish at the end.

Bernard DiFiore
President and Chief Executive Officer

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