

COBRA Subsidy Extension

12/23/2009

BenefitMall would like to announce that the House passed a COBRA provision extending the eligibility period for two months and extending the maximum duration of the federal assistance from nine months to 15 months.

The U.S. House of Representatives has passed a provision that extends the 65 percent COBRA premium subsidy through February 28, 2010, and expands it by six months. House lawmakers also set the stage for another subsidy extension sometime in the future by making it part of the upcoming Jobs bill.

The new subsidy provision, passed December 16, was attached to the Department of Defense Appropriations Act, 2010 — a “must-pass” bill that included funding for the Defense Department. The bill now goes to the Senate. The Senate is expected to pass it before the end of the year.

Under the current law, those involuntarily losing their jobs after the end of 2009 would no longer be eligible for the subsidy.

Under the new subsidy extension provision:

- The end date of eligibility for the ARRA subsidy changes from December 31, 2009, to February 28, 2010.
- The ARRA premium subsidy expands to 15 months, increased from current nine months.
- Those who have lost their subsidy by completing their nine months in November or later would be grandfathered in under the new legislation.
- Involuntary terminations that occur on or before February 28, 2010, would be eligible for the subsidy, regardless of when the individual’s COBRA eligibility period begins. This addresses a Congressional oversight in the original bill pertaining to December 31, 2009, qualifying events.
- Additional notices will be sent with information regarding the amendments to Assistance Eligible Individuals, as well as those experiencing a COBRA

qualifying event consisting of termination of employment.

Further Details of the Subsidy Extension

- The COBRA subsidy provision requires additional notices describing the new 15-month premium subsidy. It will be sent to all assistance-eligible individuals who are on COBRA on or after November 1, 2009, or whose qualifying event is a termination of employment occurring on or after that date.
- The provision also allows a period for the retroactive payment of premiums for assistance-eligible individuals whose subsidy period expired on November 16, 2009, and who failed to continue to pay their premiums.


The same refund/credit rules under the original ARRA bill apply to any assistance-eligible individual whose subsidy expired in November and who has since paid the full COBRA premium.

In addition, the provision addresses a Congressional oversight in the original subsidy by making eligibility for the subsidy hinge only on the involuntary termination of employment occurring on or before the new February 28, 2010, sunset date. Subsidy eligibility is no longer tied to the date the COBRA eligibility period begins. Under the original subsidy bill, anyone whose benefits terminate on December 31, 2009, would not be eligible for the COBRA premiums reduction program under ARRA because COBRA eligibility also had to occur on or before December 31, 2009. If a worker is involuntarily terminated on December 31, 2009, COBRA eligibility would begin on January 1, 2010, making them ineligible for the subsidy.

The House Rules Committee has introduced another subsidy extension in H.R. 2847, Jobs for Main Street Act, 2010. The COBRA provision in this bill would extend the subsidy until June 30, 2010. Although the Senate will not be taking up this bill this year, it presumably will be a starting point for the Jobs bill discussions next year.

BenefitMall will continue to provide you with more information regarding the extension as well as other health care changes as we move forward in this debate. If you have any questions regarding these changes, please contact your local BenefitMall Sales Team.

Sincerely,



Bernard DiFiore
President and Chief Executive Officer