

April, 2010

THE COBRA SUBSIDY LIVES ON

As suggested in the March Benefits Bulletin (“Short Term Extension of COBRA Subsidy Rules”), a further extension of the COBRA subsidy “eligibility period” from March 31, 2010 through May 31, 2010 has been signed into law as of April 14, 2010. The extension is retroactive to April 1, 2010, so that covered dependents and employees who incur an involuntary termination of employment at any time from September 1, 2008 through May 31, 2010 may qualify for subsidized continuation coverage under COBRA or under an applicable state “mini COBRA” law. Eligibility for continuation coverage also has been extended to those who lost group health coverage as a result of reduced hours of work at any time on or after September 1, 2008 and then subsequently experienced a termination of employment between March 2, 2010 and May 31, 2010 (“Reduced Hour AEIs”). Details are posted at <http://www.dol.gov/ebsa/newsroom/fscobrapremiumreduction.html>.

Recommendation: Eligible employees who terminated employment during April but before the latest subsidy extension may not have received notice of their COBRA subsidy rights. Those employees may need to be “renoticed” with revised information about the extension of the COBRA subsidy for those who are involuntarily terminated through May 31, 2010. Reduced Hour AEIs are also entitled to revised notices of their COBRA subsidy rights. The Department of Labor has updated the model COBRA notices to include a New Election Period Notice. These notices are available at <http://www.dol.gov/ebsa/COBRAnewelectionperiodnoticeCEA.doc>.

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