

EMPLOYEE BENEFITS ALERT

COBRA SUBSIDY EXTENDED

President Obama recently signed legislation that extends the COBRA premium subsidy for individuals who lose group health plan coverage due to a covered employee's involuntary termination of employment. For basic information regarding the legislation that created the COBRA premium subsidy, see our Employee Benefits Alert from March 2009.

The key provisions of the new legislation are summarized below:

- Maximum Duration of Subsidy. The maximum period during which the subsidy applies has been extended from 9 to 15 months.
- Deadline for Eligibility. Eligibility for the subsidy is triggered by involuntary termination of employment. The involuntary termination of employment must occur prior to or on February 28, 2010. Prior to the new legislation, the involuntary termination of employment had to occur prior to or on December 31, 2009.
- Retroactive Elections. If an eligible individual exhausted the initial 9-month subsidy period and dropped COBRA coverage, the individual must be allowed to retroactively elect COBRA coverage, on a subsidized basis, for up to an additional 6 months. Retroactive elections must be made by the later of February 17, 2010 or 30 days from the date of notification.
- Reimbursement/Credit. If an eligible individual exhausted the initial 9-month subsidy period and continued COBRA coverage by paying an unsubsidized premium, the individual must be reimbursed or given credit for the COBRA subsidy for up to an additional 6 months.
- Notice Requirements. Notices must be provided in two instances. First, notice of the subsidy extension must be provided to anyone who is eligible for the subsidy or experiences a qualifying event consisting of termination of employment at any time on or after October 31, 2009. Second, notice must be given to anyone who is eligible for a retroactive election or reimbursement/credit.
- Timing Requirements for Notices. For anyone who becomes eligible for the subsidy or who experiences a qualifying event consisting of termination of employment at any time on or after October 31, 2009, notice must be provided on or before February 17, 2010. In the case of a person who is eligible for a retroactive election or reimbursement/credit, notice must be provided within 60 days after the date the person exhausts the 9-month subsidy period.
- Content Requirements for Notice. The Department of Labor is expected to issue model notices.

*The Employee Benefits Alert is intended to keep readers current on matters affecting employee benefits and is not intended to be legal advice. If you have any questions about this alert or any other issues relating to employee benefits, please contact **Kathryn English** at 412.566.1226, **Michael Herzog** at 412.566.6130, **Sandra Mihok** at 412.566.1903, **Brandon Richards** at 412.566.1263, or **Paul Yenerall** at 412.566.1944.*