



COBRA SUBSIDY EXTENDED THROUGH MARCH 31, 2010

MARCH 2010

President Obama signed into law on March 2, 2010 the Temporary Extension Act of 2010 (HR 4691) which now extends the eligibility period for the COBRA subsidy originally set forth in the American Recovery and Reinvestment Act of 2009 (“ARRA”).

Under the ARRA, individuals who were involuntarily terminated between September 1, 2008 and December 31, 2009 were eligible for the COBRA subsidy which requires them to pay only 35% of their COBRA premium. In December 2009, the eligibility date was extended to February 28, 2010 and the duration of the subsidy was extended from 9 to 15 months.

The new law now extends coverage of the subsidy to those employees who are involuntarily terminated up to **March 31, 2010**.

The Act also includes special rules for individuals who lost their health coverage because of a reduction in working hours. Specifically, if an individual did not make a COBRA election when his or her hours were reduced (or made an election but then discontinued COBRA coverage), and the individual is then involuntarily terminated from employment up through March 31, 2010, he or she is still eligible to receive the subsidy. The 15-month duration of the subsidy, however, is measured from the date the employee’s hours were first reduced, rather than the date of the subsequent termination.

To read the Temporary Extension Act of 2010 in full, visit:

<http://www.opencongress.org/bill/111-h4691/text>.

For more information, contact a Kamer Zucker Abbott attorney.