



Legislative Update

December 22, 2009

Government Passes Federal COBRA Subsidy Expansion

Both the House and Senate approved a Defense Appropriations bill that included a provision extending the federal subsidy of COBRA for an additional six months. The original law provided a 65% premium subsidy for certain unemployed Americans who became COBRA eligible during the recession. The eligibility period for the subsidy was set to expire as of the end of the year. The new law extends the 65% premium subsidy for an additional six month period for a total of fifteen months. As a result, the law now applies to those Americans who may lose their jobs through February 28, 2010.

Under the original COBRA subsidy law, employees who lost their jobs after December 31, 2009 would have been ineligible for any federal subsidy. The new law also provides an additional six months of subsidized coverage for beneficiaries whose nine month COBRA premium subsidy has already run out.

The updated legislation also gives beneficiaries whose subsidy ran out and who didn't pay the full premium a second chance to now opt for coverage. For example, a beneficiary whose nine months of subsidized coverage ran out November 30th and who didn't pay the regular unsubsidized December premium could pay the 35% premium share in January and receive coverage for December. The latest legislation would require employers to notify current and future COBRA beneficiaries of the new 15-month premium subsidy, creating another new round of notifications and administrative hurdles for employers.

The President is expected to sign the bill immediately.

Please contact your Conner Strong representative with any questions, toll-free at 1-877-861-3220.

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