



Employee Benefits Compliance Alert

APRIL 16, 2010

COBRA Subsidy Provisions Extended and Amended

On April 15, 2010, President Obama signed into law the Continuing Extension Act of 2010 (H.R. 4851) which provides that the period during which an individual can experience a qualifying event is now May 31, 2010.

Therefore, now an AEI entitled to up to 15 months of the COBRA subsidy is any qualified beneficiary (employee, opposite sex spouse, or dependent child covered by the group health plan on the date of the qualifying event) who elects to continue COBRA coverage where:

- the qualifying event causing loss of coverage is involuntary termination of employment (excluding termination of employment for gross misconduct) between September 1, 2008 and ending **May 31, 2010**; or
- the qualifying event causing loss of coverage is a reduction in hours between September 1, 2008 and **May 31, 2010** followed by an involuntary termination of employment on or after March 2, 2010 but by **May 31, 2010**.

The new law also carries extended election procedures for those who were involuntarily terminated after March 31, 2010 and before April 15, 2010.

We anticipate that the DOL will release guidance in the coming days and weeks, including revised fact sheets and notices.

This not likely to be the last extension of the COBRA subsidy. The House and Senate have each passed separate legislation that includes extending eligibility for the COBRA subsidy through December 31, 2010. The legislation will need to be reconciled in joint conference and voted on again by the respective chambers before a final bill is presented to the President for signature.

For a copy of the Act, visit http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h4851enr.txt.pdf

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