

COBRA SUBSIDY EXTENDED

The extension of the COBRA health insurance subsidy, signed into law by President Obama on December 21st after an 88-10 vote by the Senate, will provide additional relief for a record number of unemployed workers. Congress passed legislation last week that will provide additional assistance to individuals who have lost their jobs and have opted to continue their former employer's health benefits under the Consolidated Omnibus Budget Reconciliation Act (COBRA). The measure extends the 65 percent federal subsidy for COBRA established by the American Recovery and Reinvestment Act (ARRA) in February of this year. The subsidy previously applied only to employees who lose their jobs before December 31. The extension will allow employees who are involuntary terminated through February 28, 2010 to take advantage of the subsidy program. Notably, the extension also adds six months of subsidies to the previous nine-month period, for a maximum of 15 months. In addition, the legislation allows COBRA beneficiaries whose subsidies expired under the original program, and who failed to pay the full premium thereafter, the opportunity to receive retroactive COBRA coverage upon payment of the subsidized amount, or 35 percent. Employers are required to notify current and future COBRA beneficiaries of the extended subsidy provided by the new legislation.

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