



eBenefits Alert: Federal COBRA Subsidy Extended

December 22, 2009

On December 21, 2009, President Obama signed into law a defense appropriations bill that contains provisions to extend the COBRA subsidy enacted last February in the American Recovery and Reinvestment Act (ARRA).

Under the ARRA rules, the subsidy is available for involuntary terminations that occur by December 31, 2009. The extension provides that the subsidy will be available for involuntary terminations that occur through February 28, 2010.

In addition, the bill extends the 65 percent federal subsidy for an additional six months, making the maximum subsidy length a total of 15 months.

These changes will require employers to notify current COBRA continuees, as well as individuals newly eligible to elect COBRA of their right to the subsidy. The other provisions of ARRA and subsequently issued guidance will continue to apply to administration of the COBRA subsidy.

If you have any questions about the subsidy, how to administer it, or how to notify individuals, please call a member of the Gray Plant Mooty Employee Benefits & Executive Compensation practice group.

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