

WELFARE BENEFITS & ERISA LITIGATION LAW ALERT
March 4, 2010

COBRA/ARRA PREMIUM SUBSIDY EXTENDED THROUGH MARCH 31, 2010
New Notice Requirement

On March 2, 2010, President Obama signed into law the Temporary Extension Act of 2010, which includes a 30-day eligibility extension for the COBRA premium subsidy that was originally part of the American Recovery and Reinvestment Act of 2009 (“ARRA”). The new statute extends the COBRA/ARRA subsidy eligibility period from March 1, 2010 through March 31, 2010.

In addition, this new law amends ARRA to clarify that employees who lost coverage as the result of a reduction in hours on or after September 1, 2008, who are involuntarily terminated between March 2, 2010 and March 31, 2010, and who either did not make a COBRA election or made a COBRA election and eventually discontinued that election, will have a special additional 60-day COBRA election period. Employers are required to furnish to these individuals a notification of their COBRA special election rights and the availability of the subsidy within 60 days of their involuntary termination.

Further, it is expected that the COBRA/ARRA subsidy provisions will be extended through December 31, 2010 by future legislation. We will continue to monitor developments on this legislation, and will keep you updated as legislative changes are enacted.

If you have any question regarding this matter, you may contact any of the attorneys listed below, members of our Welfare Benefits & ERISA Litigation Practice Team.

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