

WELFARE BENEFITS AND ERISA LITIGATION LAW ALERT
December 22, 2009

COBRA/ARRA PREMIUM SUBSIDY EXTENDED

On December 21, 2009, President Obama signed the Fiscal Year 2010 Defense Appropriations Act, which extends the original federal COBRA subsidy created by the American Recovery and Reinvestment Act of 2009 (ARRA). Before the amendment, ARRA provided that employees involuntarily terminated from employment between September 1, 2008, and December 31, 2009 were entitled to a 65% reduction of the total cost of their COBRA premium for up to nine months. The new act extends the subsidy to individuals who are involuntarily terminated from employment between January 1, 2010, and February 28, 2010. In addition, ARRA was amended to extend the total allowable time an individual could receive the COBRA subsidy from nine to fifteen months.

As a result of this amendment, **employers are required to provide a new notification of the subsidy extension within 60 days of the enactment of this law** to all individuals involuntarily terminated from employment who are COBRA qualified beneficiaries on or after October 31, 2009. Further, employers have to provide to certain individuals whose subsidy periods already expired an **additional notification** with information regarding the amendment and their right to elect coverage retroactively by paying the premium within the terms specified by the new law.

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

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