



Congress Extends COBRA Premium Subsidy

Insights

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On December 19, 2009, President Obama signed into law the Fiscal Year 2010 Defense Appropriations Act. The Act extends the current nine-month COBRA subsidy for an additional six months, for a total of 15 months. It also extends eligibility for the subsidy to workers who are involuntarily terminated through February 28, 2010. The prior law covered workers involuntarily terminated through December 31, 2009. The Act requires employers to provide current and future COBRA beneficiaries with notice of the extension.

Under the COBRA Premium Subsidy, eligible employees pay 35% of the premium costs and the federal government picks up the remaining 65%. Individuals who reached the end of the reduced premium period before this legislation was passed now have 60 days after the date of enactment to catch up on any missed premiums or 30 days after notice of the extension is provided by the plan administrator, whichever is later. The Act also provides for either a refund or a credit against future premiums, with respect to any individuals who, as a result of the expiration of the reduced premium period, paid the COBRA premium in full.

This Legal Alert provides an overview of new law. It is not intended to be, and should not be construed as, legal advice for any specific factual situation.