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Another COBRA Subsidy Extension Enacted

Yesterday, President Obama signed the “Continuing Extension Act of 2010” (H.R. 4851) into law, which among other things provides a further extension of eligibility for the COBRA subsidy enacted last year as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The COBRA subsidy is now available for involuntary terminations through May 31, 2010.

Background

ARRA provides a government paid subsidy of 65% of the COBRA cost for certain qualified beneficiaries whose loss of health coverage results from an involuntary termination of employment. (See our [February 24, 2009](#) and [March 26, 2009](#) For Your Information publications.) The subsidy was originally applicable for involuntary terminations through December 31, 2009 and was payable for a period of up to nine months, but was later extended through February 28, 2010 and the maximum period increased to fifteen months. (See our [December 23, 2009](#) For Your Information.) Earlier this year, the “Temporary Extension Act of 2010” ([H.R. 4691](#)) was enacted, which extended the eligibility period through March 31, 2010, and expanded the conditions for eligibility. (See our [March 4, 2010](#) For Your Information.)

COBRA Subsidy Extension

[H.R. 4851](#) now extends the period during which individuals may become eligible for the COBRA subsidy through May 31, 2010. The law also provides transition rules for individuals who lost coverage as of April 1, 2010 similar to those enacted last year when the first extension was enacted.

BUCK COMMENT. *Notices will have to be modified to describe the additional subsidy period and the ability to reinstate COBRA for affected individuals. Previous model notices issued by DOL can presumably be modified for this purpose.*

Conclusion

These continuing short-term extensions can complicate administration for plan sponsors. Buck’s consultants are available to assist you in meeting your obligations under this latest extension, and under any future modifications.

This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.