



for your information®

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## COBRA Subsidy Has Expired – At Least For Now

*A statement issued by Assistant Secretary of Labor Borzi confirms that individuals who are involuntarily terminated from employment after May 31, 2010 are not eligible for the COBRA subsidy enacted last year. The DOL also has posted model notices to its website that should be used for qualifying events after that date.*

### Background

The American Recovery and Reinvestment Act of 2009 (ARRA) provided a subsidy for the COBRA premiums of certain individuals who were involuntarily terminated from employment. The eligibility period for the subsidy was extended several times, the last time for terminations that occurred by May 31, 2010. (See our April 16, 2010 [For Your Information](#).) Although further extensions were proposed, none have been enacted or are currently included in legislation expected to be enacted.

### DOL Statement

Assistant Secretary of Labor Phyllis C. Borzi has issued the following statement regarding the current status of the COBRA subsidy:

"ARRA provides a COBRA premium reduction for eligible individuals who are involuntarily terminated from employment through the end of May 2010. Due to the statutory sunset, the COBRA premium reduction under ARRA is not available for individuals who experience involuntary terminations after May 31, 2010. However, individuals who qualified on or before May 31, 2010 may continue to pay reduced premiums for up to 15 months, as long as they are not eligible for another group health plan or Medicare. Unless the sunset date is extended by Congress, individuals who lose their jobs after May 31, 2010 will not be eligible for the subsidy."

**BUCK COMMENT.** *Although this is not new information, it reminds employers of the current state of the law. In addition to providing the statement by Borzi, the DOL reminded subscribers to its email alerts that the non-ARRA notices (both [general](#) and [election](#) notices) are posted to its website. These notices are the same as the notices that the DOL posted prior to ARRA, so employers can return to using them if they choose.*

### Conclusion

Buck's consultants can help you determine your COBRA strategy in light of the expiration of the COBRA subsidy, revise existing administrative procedures, and communicate changes to your employees.

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*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.*