

BENEFITS ALERT

Rose & Kiernan, Inc.

April, 2010



COBRA Subsidy Extension

Congress passed and the President signed the **Continuing Extension Act of 2010 (HR 4851)** on April 15, 2010. This act extends the 65% premium assistance for COBRA benefits for workers involuntarily terminated through May 31, 2010.

The “reduction in hours” clause which was included in the last extension carries through to the Continuing Extension Act as well. It created a new category of assistance eligible individuals defined as those workers involuntarily terminated from March 2, 2010 through May 31, 2010 if:

- the involuntary termination follows a qualifying event that was a reduction of hours; and
- the reduction of hours occurred at any time from September 1, 2008 through May 31, 2010 (a reduction of hours is a qualifying event when the employee and his/her family lose coverage because the employee, though still employed, is no longer working enough hours to satisfy the group health plan’s eligibility requirements).



Just in case you were wondering, yes, there is another bill in Congress to extend the subsidy until the end of 2010. H.R. 4213 also called the American Workers, State and Business Relief Act of 2010 is a 304 page bill with a number of provisions including Section 211 which extends the subsidy through December 31, 2010. Also included in this section is the requisite acceptance of late payment of premiums clause anticipating that this bill will be passed after the current extension has expired. In a sense, they were right since H.R. 4213 refers to the March 31, 2010 extension, not the most current May 31, 2010 extension so the language needs to be revised already. With the Republicans pressing for a method of funding to accompany any additional spending and the amount of other items in this bill, don’t look for this soon. However, that’s not to say that it won’t come about in a separate bill.

Attached is the updated model notice.

This Summary is provided to you for general information purposes only and does not include references to other legal resources (e.g., supporting regulations, or formal or informal opinions) unless specifically noted. Please seek qualified and appropriate counsel for further information and/or advice regarding the application of the topics discussed herein to your employee benefits plan.

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