



COBRA Subsidy Extended Again!

Employment, Labor & Benefits Practice Group

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(This article was updated on May 13, 2013 to remove inactive links to the DOL web site.)

Congress recently approved an additional extension of the COBRA subsidy eligibility period for certain involuntarily terminated employees. The new eligibility period for the COBRA subsidy ends **March 31, 2010**.

Extended Eligibility Period. The COBRA subsidy will be available for eligible employees who are involuntarily terminated between September 1, 2008 and March 31, 2010.

Additional Qualifying Event. The definition of an "assistance eligible individual" for purposes of determining eligibility for the COBRA subsidy has been expanded to include employees who experience certain reductions in hours that are later followed by an involuntary termination. Previously, the subsidy was available only for employees who were covered by the employer's group health plan on the date that they were involuntarily terminated from employment. If an employee faced a reduction in hours and then lost eligibility under the health plan because of the reduction, the employee would not have been eligible for the subsidy if he or she was involuntarily terminated from employment after the reduction. However, the new definition of an assistance eligible individual now includes an individual who experiences a reduction in hours during the eligibility period (September 1, 2008 through March 31, 2010), but only if that individual is later involuntarily terminated between March 2, 2010 and March 31, 2010.

For example, if an employee had a reduction in hours after September 1, 2008 but did not elect COBRA (or elected COBRA but later discontinued the continuation coverage) and then had an involuntary termination of employment between March 2, 2010 and March 31, 2010, the involuntary termination will be considered a qualifying event and the employee (and his covered family members) will be eligible for the COBRA subsidy.

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The DOL has updated its website to publish new and revised model COBRA notices that incorporate changes made by the new extension.

Congress has indicated that it is considering another extension of the subsidy eligibility period to May 1, 2010, so "stay tuned" for this update. Please contact the Employment, Labor & Benefits Practice Group at Foster, Swift, Collins & Smith, P.C. if you have questions about the application of these new COBRA rules.