

COBRA Subsidy Period Extended Once Again

On April 15, 2010, the President signed into law the [Continuing Extension Act of 2010 \(HR 4851\)](#). Among other provisions, this law once again extends the COBRA subsidy eligibility period under ARRA, this time **through May 31, 2010**.

As with ARRA, the changes affect continuation coverage offered under COBRA. Like its COBRA predecessors, this law takes immediate effect and is retroactive to April 1, 2010. You can update your current notices with this new date, wait for the DOL to update their model notice or [click here](#) to download an updated ARRA notice created by Albers & Company to use as an adjunct to your COBRA qualifying event notice.

The law makes the following changes:

- **New Sunset Date:** The COBRA subsidy eligibility period (for Qualifying Events on or after September 1, 2008) now ends on May 31, 2010. This period had expired on March 31, 2010. As a refresher, the subsidy is a 65 percent discount off the regular COBRA premium for up to 15 months. Only Assistance Eligible Individuals (AEIs) qualify for the subsidy.
- **Eligible Qualifying Events:** As before, two types of Qualifying Events are subsidy eligible. The first one is an involuntary termination of employment. The second one is a reduction in hours followed by an involuntary termination of employment if that involuntary termination occurs on or after March 2, 2010, and on or before May 31, 2010.

The new law does not change the length of the COBRA maximum coverage period. It is still based on the original reduction in hours Qualifying Event date. Also, the subsidy period (up to 15 months) is unchanged.

This is a scenario that is likely to continue month by month for the remainder of this year until and unless [HR 4213](#) (amended by Senate Amendment 3336) is passed. This bill has been passed by the Senate and is pending in the House. It would extend the subsidy eligibility period through the end of 2010.

As an FYI, in addition the law expands unemployment benefits as well:

- Extending Federal Emergency Unemployment (EUC) from April 5, 2010 to June 2, 2010, and the period which individuals may claim and be paid EUC from September 4, 2010 to November 6, 2010.
- Extending the period individuals may qualify for the Federal Additional Compensation (FAC), (the extra \$25 per weekly benefit amount on state and federal unemployment compensation) for the same weeks as the EUC extension.
- Extending the period that the federal government will provide 100% reimbursement for weeks of regular federal extended benefit payments from April 5, 2010 to June 2, 2010, with the state option to continue the benefit extension period from September 4, 2010 to November 6, 2010.