



# COBRA

# Federal Update

## Update of Federal COBRA

	FEDERAL (COBRA)
<p><b>COBRA Premium Subsidy</b></p>	<p>The American Recovery and Reinvestment Act of 2009 (ARRA) created new temporary rights to COBRA premium assistance for employees and their dependents who are involuntarily terminated from employment between September 1, 2008 and December 31, 2009.</p> <p><b>Eligibility/Premium Assistance:</b> An individual who is involuntarily terminated from employment between September 1, 2008 and December 31, 2009 is eligible for a 65% government COBRA premium subsidy for up to 9 months of the maximum COBRA coverage period, or until eligibility for other group health plan coverage or Medicare, if earlier.</p> <p><b>Extended Election Period:</b> If an employee who is involuntarily terminated from employment on September 1, 2008 or later does not have a COBRA election in effect on February 17, 2009, the date of enactment of ARRA, the individual may elect COBRA coverage during a special extended election period which begins on February 17, 2009 and ends 60 days after the date on which notification is provided to the individual. COBRA coverage would begin with the first period of coverage after February 17, 2009 (generally, March 1) and would continue for the maximum period of coverage that would have been required if COBRA had been earlier elected.</p> <p><b>Plan Enrollment Option:</b> A plan may permit such individual to enroll in different coverage if offered to active employees, is major medical coverage, and the premium does not exceed the premium of the individual's prior coverage.</p> <p><b>Notice Provisions:</b> ARRA requires a number of new notices. The DOL has created model form notices. The required new notices include an additional notification to all individuals who become entitled to elect COBRA between September 1, 2008 and December 31, 2009 and a notice to eligible individuals of the extended election period. Additionally, if receiving premium assistance, the individual is required to notify the plan in writing when no longer eligible for premium assistance.</p> <p><b>APPLICATION TO STATES:</b> Continuation coverage under a state program providing comparable coverage (i.e., state "mini-COBRA" laws applicable to employers with fewer than 20 employees) is subject to the COBRA premium subsidy and notice provisions of ARRA. ARRA does not change any requirement of a State continuation coverage program. ARRA only allows Assistance Eligible Individuals who elect continuation coverage under State insurance law to receive a premium reduction for up to 9 months. It also allows Assistance Eligible Individuals to switch to other coverage offered to active employees if permitted by the plan provided that the new coverage is no more expensive than the prior coverage. States may, but are not required to, offer an extended election period.</p>

*This Chart is provided to you for general informational purposes only. It broadly summarizes federal statutes, but 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 plans. (JMS 3/09)*