



COBRA Subsidy Extended/DOL Publishes Notices

Employment, Labor & Benefits Practice Group

Foster Swift Employment, Labor & Benefits E-News

January 22, 2010

The Department of Defense Appropriations Act of 2010 (DOD) extends the COBRA subsidy previously created by the American Recovery and Reinvestment Act of 2009. The DOD extends the total number of months that an individual can receive the COBRA subsidy from 9 months to 15 months. The DOD also extends the "eligibility period" for the subsidy by two months. The subsidy is now available to individuals involuntarily terminated from employment during the period beginning on September 1, 2008 and ending on February 28, 2010. Certain individuals will now have the chance to retroactively reinstate COBRA coverage and have additional time to make up the unpaid premiums.

The DOD generally requires that plan administrators send a special "premium assistance extension notice" by **February 17, 2010** to any individuals who were eligible for the subsidy at any time after October 31, 2009, or who experienced an involuntary termination of employment and lost coverage on or after that date. A notice must also be sent to those individuals whose original subsidy period expired, but who are eligible for an additional subsidy under the 6-month extension. This notice must be sent within 60 days of the original subsidy expiration date.

The U.S. Department of Labor has prepared model notices that can be used to notify eligible former employees of these important COBRA subsidy changes. The model notices can be found at the following website: www.dol.gov/ebsa/cobramodelnotice.html. The notices inform the eligible COBRA beneficiaries about the new legislation and of their rights to elect subsidized COBRA coverage and make retroactive premium payments in order to maintain COBRA coverage. Please contact your Employee Benefits counsel at Foster Swift if you have questions regarding the new notice requirements.

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