



Employee Benefits

Consulting and Administration to Fit Your Organization's Needs

**KUSHNER
& COMPANY**
HR AND BENEFIT EXPERTS

For Your Benefit

COBRA Subsidy Extended

by Ben Cohen, CEBS

Practice Leader – Health and Welfare Benefits, Kushner & Company

Late Saturday night (December 19th), the Senate passed the [Department of Defense Appropriations Act](#), which contained in Section 1010 an extension of the COBRA subsidy first introduced in 2009's ARRA stimulus bill. Thus, Congress has passed and the President has now signed, the extension of the COBRA subsidy.

There are a number of significant changes made to the original COBRA subsidy:

1. The date by which an Assistance Eligible Individual (AEI) was required to be involuntarily terminated in order to qualify for the subsidy was extended from December 31, 2009 to February 28, 2010.
2. In a significant change from the original, the loss of health coverage by the end date of the subsidy is no longer required. Under the original law and its interpretation by the Department of Labor, not only did the involuntary termination have to occur on or before December 31, 2009 (now February 28, 2010), but the AEI also had to lose health coverage prior to that date. Now, the date of involuntary termination ONLY will be determinative for eligibility for the subsidy.
3. The maximum duration of the COBRA subsidy is extended from nine months to 15 months.
4. AEIs who dropped COBRA coverage because of the end of the original subsidy must be given the opportunity to reinstate coverage retroactively once they are notified of the new extension provisions and pay their portion of the applicable COBRA premium.
5. There is a new notice requirement for those AEIs who lost or elected not to continue COBRA coverage after their subsidy expired. There is also a new notice for all terminated employees (whether voluntary or involuntary) on or after October 31, 2009 incorporating the changes from the Defense Appropriations Act changes. It is expected that new regular COBRA event notices will begin incorporating the new notice requirements in very short order.

For clients for whom we provide COBRA administration services, look for more information to be forthcoming shortly with regard to your specific plans as well as communications to COBRA participants.

Benefit articles are provided as a service by [Kushner & Company](#) for the exclusive use of our clients and subscribers. From our highly trained, knowledgeable staff to our leading edge technology systems, Kushner & Company's comprehensive employee benefits services guarantee our clients ease and excellence. If you would like to speak to someone about services for your organization, please contact Kushner & Company at info@kushnerco.com or 800-KUSHNER, ext. 219.

- *Strategic Benefit Reviews*
- *Health and Welfare Plan Design*
- *Plan Implementations*
- *Benefit Communication*
- *Flexible Benefit Plans*
- *FSA/HRA/HSA Plan Administration*
- *COBRA Administration*
- *Retirement Plan Design*
- *Retirement Plan Administration*
- *Signature-ready IRS Form 5500s*

©2009 Kushner & Company