

COBRA PREMIUM SUBSIDY EXTENDED TO MAY 31, 2010

On April 15, 2010, President Obama signed into law the Continuing Extension Act of 2010, which has once again extended the COBRA premium subsidy as provided for in the American Recovery and Reinvestment Act of 2009 ("ARRA"); this time the subsidy has been extended from March 31, 2010 to May 31, 2010. This new law provides retroactive eligibility for individuals who involuntarily lost their employment after the prior COBRA subsidy extension expired on March 31, 2010. Under the ARRA, "assistance eligible individuals" pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a payroll tax credit. An "assistance eligible individual" is the employee or a member of his/her family who timely elects COBRA coverage following a qualifying event related to an involuntary termination of employment that occurs at any point in time from September 1, 2008 through May 31, 2010. In addition, an involuntary termination of employment that occurs on or after March 2, 2010 but by May 31, 2010 and follows a qualifying event that was a reduction of hours that occurred at anytime from September 1, 2008 through May 31, 2010 is also a qualifying event for purposes of the ARRA.