



JANUARY 2010

## Benefits Legal Update

### DOL Issues Amended Model COBRA Subsidy Notices

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On January 13, 2010, the Department of Labor issued [three model COBRA notices](#) to reflect the recent extension of the COBRA subsidy created under the American Recovery and Reinvestment Act (ARRA), as amended on December 19, 2009 by the Department of Defense Appropriations Act (DOD Act).

The COBRA subsidy provides for premium reductions for health benefits under which 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. To qualify, individuals should experience a COBRA-qualifying event as the result of the involuntary termination of a covered employee's employment. The involuntary termination should occur between September 1, 2008 and February 28, 2010. The premium reduction applies to periods of health coverage that began on or after February 17, 2009, and lasts for up to 15 months. The extension of the COBRA premium subsidy was described in detail in our December 22, 2009 [Legal Update](#).

Plan Administrators may wish to contact their legal counsel to determine whether specific notices should be provided and when they would need to be provided. Plans may be required to provide one of the following revised notices for certain assistance eligible individuals:

- **General Notice** - This Notice is generally provided to: (1) all qualified beneficiaries who experience a qualifying event on or before February 28, 2010, and who have not yet been provided an election notice and (2) all individuals terminated in December 2009 and who were not provided a notice containing an explanation of the COBRA subsidy.
  - **Premium Assistance Extension Notice** - This Notice is generally provided to: (1) individuals who were eligible for the COBRA subsidy as of October 31, 2009; (2) individuals who experienced a termination of employment on or after October 31, 2009, and lost health coverage; and (3) individuals in the "transition period" who exhausted the original 9-month subsidy period before the subsidy extension took effect, presuming the individual's applicable COBRA period has not expired.
  - **Alternative Notice** - This Notice is generally provided to individuals who became eligible for continuation coverage under State law.
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To receive more information on the COBRA subsidy and its extension under ARRA, as amended by the DOD Act, please contact one of the following attorneys:

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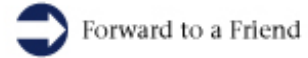
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