



UPDATE: Employee Benefits and Compensation

APRIL 2010

Eligibility Period of COBRA Premium Subsidy Extended Once Again

On April 15, 2010, President Barack Obama signed into law legislation (H.R. 4851) extending benefits for unemployed workers, including an extension of the eligibility period for the COBRA subsidy created under the American Recovery and Reinvestment Act (ARRA). The COBRA subsidy was [previously extended](#), with respect to the eligibility period, to include involuntary terminations of employment occurring through March 31, 2010.

COBRA Subsidy Prior to Extension

Employers are permitted to charge employees electing to continue their health care coverage through COBRA up to 102 percent of the cost of such continuation coverage. The COBRA subsidy provides for a premium reduction under which eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent of the premium cost is reimbursed to the employer or coverage provider through a payroll tax credit. To be eligible for the subsidy, an individual is required to lose health care coverage and become eligible for COBRA as the result of the involuntary termination of a covered employee's employment. This loss of coverage must have occurred after September 1, 2008. The premium reduction applies to periods of health coverage beginning on or after February 17, 2009, and is available for a maximum of 15 months.

Extension of COBRA Subsidy

The bill extends the time frame during which an individual can become eligible for the subsidy by two months to May 31, 2010. Prior to this new legislation, an individual who lost coverage after March 31, 2010, would not have been eligible to receive the subsidy.

The bill does not change the maximum subsidy period of 15 months, the classification of an otherwise eligible individual, nor the amount of the premium reduction.

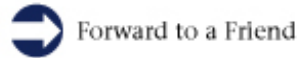
To receive more information on the COBRA subsidy and its extension under ARRA, as amended, please contact one of the following attorneys:

Bruce Barth
(860) 275-8267
bbarth@rc.com

Cynthia Christie
(860) 275-8259
cchristie@rc.com

Virginia Spiess Jean Tomasco
(860) 275-8291 (860) 275-8323
vspiess@rc.com jtomasco@rc.com

© 2010 Robinson & Cole LLP. All rights reserved. No part of this document may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior written permission. This document should not be considered legal advice and does not create an attorney-client relationship between Robinson & Cole and you. Consult your attorney before acting on anything contained herein. The views expressed herein are those of the authors and not necessarily those of Robinson & Cole or any other individual



attorney of Robinson & Cole.

This email was sent to: archive@rc.com

This email was sent by: Robinson & Cole LLP
280 Trumbull Street Hartford, CT 06103 Attn: Business Development and Marketing



We respect your right to privacy - [view our policy](#)