

COBRA Subsidy Extended Again

The Continuing Extension Act of 2010, signed into law on April 15, 2010, extends the previously established COBRA subsidy program by extending to May 31, 2010 the period during which an involuntary termination of employment triggers eligibility for the 65% premium subsidy. The extension is retroactive to April 1, 2010.

For individuals who became eligible for the COBRA subsidy when it was first available on March 1, 2009, the nine-month premium subsidy period ended on November 30, 2009. A subsequent amendment extended the period of eligibility for subsidy relief to February 28, 2010 and extended the duration of the subsidy from nine months to 15 months. An ensuing amendment further extended the subsidy period to March 31, 2010, and also expanded eligibility to individuals who lost coverage due to a reduction in hours and were later involuntarily terminated, implemented an additional enforcement penalty, and provided guidance regarding the determination of whether an employee's termination was involuntary. The Continuing Extension Act of 2010 now extends subsidy relief for COBRA-qualified beneficiaries who are involuntarily terminated on or before May 31, 2010.

In the case of an individual who was involuntarily terminated on or after April 1, 2010 and prior to April 15, 2010 (the enactment date), the same rules that have applied to extended COBRA election periods since the inception of the subsidy program in March 2009 will continue to apply.

In signing the extension, President Obama urged Congress to move quickly to extend jobless benefits through the end of the year. We expect that the Department of Labor's Employee Benefits Security Administration [Web site](#) will provide the most up-to-date information and notices regarding the subsidy extension.

For more information on the COBRA subsidy program, please contact any member of the Employee Benefits Practice Group or your usual Ropes & Gray advisor.