

# Tanner & Guin, LLC

## Client Alert



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## COBRA Subsidy Gets Extension and Expansion

On December 21, 2009, President Obama signed into law a bill that extends and expands the COBRA subsidy program created by the American Recovery and Reinvestment Act passed earlier in 2009. While many employers are just now getting comfortable with those subsidy provisions there is now a new set of rules governing the subsidy program.

This new bill does the following:

- ◆ Changes the end date of eligibility for the American Recovery and Reinvestment Act's (ARRA) COBRA subsidy from December 31, 2009, to February 28, 2010.
- ◆ Expands the subsidy period to 15 months which is up from the current nine months.
- ◆ Creates a 60-day period for retroactive payment of premiums for assistance-eligible persons whose subsidy expired on November 30 and who did not pay a premium for their December coverage. The period is 60 days beginning on December 21, 2009, or, if later, 30 days after provision of the notice required by the law.
- ◆ Requires a special notice to be given to all assistance-eligible persons who are on COBRA on or after November 1 or whose qualifying event is a termination of employment occurring on or after November 1 describing the new 15-month premium subsidy.

Now to be eligible for the 65% COBRA premium subsidy an employee must have his or her employment involuntarily terminated between September 1, 2008, and February 28, 2010. Additionally, because the subsidy period has been extended six months there are some employees who thought their subsidy recently expired who now must be notified of the ability to get an additional six months of subsidized coverage.

If you have any questions about the COBRA premium subsidy program or compliance with the new rules, you may contact Tom Scroggins at (205) 633-0227.

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