CLIENT ALERT: DOL Provides Clarification on the Stimulus Bill's Effect on COBRA

The U.S. Department of Labor has provided clarification regarding the impact of the American Recovery and Reinvestment Act's (the "Act") on the Consolidated Omnibus Budget Reconciliation Act ("COBRA") continuation coverage.

Within its frequently asked questions, the Department of Labor addressed the eligibility requirements for qualifying for a COBRA premium subsidy, and clarified that a premium subsidy reduction only applies to premiums for periods beginning on or after February 17, 2009. The Department of Labor also provided further information on an employee's recourse in the event an employer's group health plan denies his or her application for the premium subsidy.

The Department of Labor's publications on the Act's impact on COBRA, including its "FAQs About COBRA For Workers And Their Families" are available via Department of Labor's website at http://www.dol.gov/ebsa/COBRA.html.

In addition, we anticipate that the government will issue further regulations interpreting the changes to COBRA. Please check our website for updates, or contact your MBJ attorney for the most up-to-date information.

Sean O'Connor is an attorney at Morgan Brown & Joy, LLP and may be reached at (617) 523-6666, or at soconnor@morganbrown.com. Morgan, Brown & Joy, LLP focuses exclusively on representing employers in employment and labor matters.

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