

CLIENT ALERT: Federal COBRA Subsidy Program Extended Through May 31, 2010

The COBRA federal subsidy program, initially established in April 2009, has been extended once again. On April 16, 2010, President Barack Obama signed into law legislation which amends a federal program created to provide subsidies to eligible individuals receiving continuation health care coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA").

Through the enactment of the Continuing Extension Act of 2010 ("CEA"), the eligibility period for the federal COBRA subsidy was extended from March 31, 2010 to May 31, 2010. This extension provides an additional period during which individuals who are involuntarily terminated may become eligible for the COBRA subsidy if they meet each of the subsidy qualifications set forth by the American Recovery and Reinvestment Act of 2009 ("ARRA") – the legislation which originally created the COBRA subsidy program.

For individuals who suffered an involuntary termination between April 1, 2010 and April 15, 2010 – the time period during which the COBRA subsidy program temporarily expired – CEA ensures that they shall be eligible for the COBRA subsidy as if it had not expired.

Furthermore, CEA requires that employers with 20 or more employees provide notice to all individuals who were involuntarily terminated between April 1, 2010 and April 15, 2010 and who were eligible for COBRA but did not elect COBRA (or did elect it and subsequently dropped it), advising them that the CEA has provided them with a new opportunity to enroll. Employers must provide these notices to all eligible individuals by June 15, 2010. These individuals will then have 60 days from the date the notice is received to elect coverage. **Note:** Employers with 2-19 employees that are subject to the Massachusetts Mini-COBRA law are not subject to this CEA notification requirement.

For more information on the ARRA's eligibility requirements for the COBRA subsidy, please see MBJ's Client Alert entitled, "[Changes to COBRA as a Result of the Economic Stimulus Bill](#)" dated April 10, 2009, or contact your MBJ attorney.

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