



Converting Claims to Cash

COBRA BENEFITS EXTENDED AGAIN AND EXPANDED BY TEMPORARY EXTENSION ACT OF 2010 (TEA)

(March 17, 2010)

On March 15, 2010, Phyllis C. Borzi, Assistant Secretary of the Employee Benefits Security Administration, released a statement on the extension of COBRA premium subsidies. The COBRA subsidy provisions originally enacted under the American Recovery and Reinvestment Act (ARRA) were extended when President Obama signed the Temporary Extension Act of 2010 (TEA). Our December 22, 2009 RNews Alert provides a more detailed discussion of the extension and expansion of the COBRA subsidy under ARRA.

TEA extends the eligibility period for the ARRA COBRA subsidy from February 28, 2010 to March 31, 2010. ARRA provides a 65% subsidy of COBRA premiums for eligible individuals and their families losing group health coverage due to an employee's involuntary termination of employment.

TEA also expands eligibility for COBRA continuation and the subsidy to include individuals who had a reduction in hours that occurred at any time after September 1, 2008, but did not elect COBRA coverage and were later involuntarily terminated on or before March 2, 2010. The period of eligible COBRA coverage is to be counted from the date of the reduction in hours and not the subsequent involuntary termination. Additionally, TEA requires employers to notify these affected individuals of their COBRA special election rights along and the availability of the subsidy under this new provision.

The March 15, 2010, statement by Assistant Secretary of EBSA can be viewed at <http://www.dol.gov/ebsa/newsroom/2010/ebsa031510.html>.

The Department of Labor website for COBRA Continuation Coverage Assistance can be found at <http://www.dol.gov/ebsa/cobra.html>.