

COBRA Subsidy and Unemployment Insurance Temporarily Extended

**By Steven R. Gerlach
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On March 2, 2010, President Obama signed into law the Temporary Extension Act of 2010 (the “Act”), which, among other things, extends the COBRA premium subsidy first provided for in the American Recovery and Reinvestment Act (“ARRA”) and extends certain eligibility periods for receipt of unemployment compensation. These short-term extensions are intended to give Congress more time to consider legislation to extend the subsidies through December 31, 2010.

COBRA

Window of Eligibility Extended Through March 31, 2010

Under the ARRA, a former employee was only eligible for the subsidy if he or she was involuntarily terminated between September 1, 2008 and December 31, 2009. Subsidy eligibility was extended to February 28, 2010 under the Department of Defense Appropriations Act of 2010. Under the Temporary Extension Act of 2010, the eligibility period is further extended through March 31, 2010.

Reduction in Hours Rule

The Act also changes the subsidy eligibility provisions to allow employees to receive the subsidy if they first lost group coverage due to a reduction in hours and then were terminated after March 2.

UNEMPLOYMENT

Application Period

The Act extends the period during which individuals may file applications for Federal Emergency Unemployment Compensation from February 28, 2010 to April 5, 2010.

Federal Additional Compensation

The Act also extends the period during which individuals may qualify for Federal Additional Compensation—the additional \$25 per week benefit—from February 28, 2010 to April 5, 2010.

Extended Benefit Reimbursement

Also extended is the period during which 100% federal reimbursement of regular federal extended benefits. The Act grants the extension to April 5, 2010, and provides states with the option to continue the extended period from July 31, 2010 to September 4, 2010.

We would be pleased to assist you in complying with these new provisions. For more information in Maine, please contact [Steve Gerlach](#) or [Glenn Israel](#) of Bernstein Shur at (207) 774-1200. In New Hampshire, contact [Karen Aframe](#) at (603) 623-8700.