

COBRA Subsidy Eligibility Period Extended for Two Months

By **Steven R. Gerlach, Esq.** | April 22, 2010

In 2009, the American Recovery and Reinvestment Act (“ARRA”) created a new federal subsidy that pays 65% of the COBRA premium for continued health coverage elected by employees who are involuntarily terminated on or prior to March 31, 2010. On April 15, 2010, President Obama signed into law the Continuing Extension Act of 2010 (the “Act”), which retroactively extends the subsidy for employees who are involuntarily terminated on or prior to May 31, 2010. The Act also contains procedures that allow employees who were involuntarily terminated between March 31, 2010 and April 15, 2010 to also elect to receive the subsidy. Lastly, the Act imposes new notice requirements on employers and plan administrators.

Extended Election Procedures

For individuals who experienced a qualifying event related to a termination of employment after March 31, 2010 and before April 15, 2010 (such as an involuntary termination of employment), the Act provides an extended 60-day period to elect continued health coverage under both COBRA and state health continuation coverage programs.

Notice Requirements

The Act provides that, no later than June 14, 2010, plans that are subject to COBRA continuation provisions must send a *Notice in Connection with Extended Election Periods* to individuals covered under the plan who experienced a qualifying event related to an involuntary termination of employment after March 31, 2010 and before April 15, 2010.

We would be pleased to assist you in complying with these new provisions. For more information in Maine, please contact **Steve Gerlach of Bernstein Shur at (207) 774-1200**. In New Hampshire, contact **Karen Aframe at (207) 774-1200**.