

Congress' Holiday Gift to the Unemployed

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On Sunday, the Senate approved the House version of the Defense Appropriations bill, which includes provisions extending both unemployment benefits and the COBRA subsidy enacted earlier this year.

The COBRA provisions extend the subsidy for six months (from 9 to 15 months). It also extended the eligibility period - which was scheduled to expire December 31 - through the end of February. The COBRA provisions also provide a lookback grace period, so that certain individuals that lost coverage in November and December will be able to retroactively reinstate their COBRA, with the subsidy.

While other COBRA subsidy provisions have been in the news - such as one that would increase the subsidy from 65% to 75%, and one that will increase COBRA coverage from 18 to 24 months - those bills have not yet been acted upon by both houses of Congress.

President Obama has signaled his support for the COBRA subsidy extension, and it is expected that he will sign the Defense bill. If this bill is signed, employers will have two months to notify former employees (including some whose COBRA subsidy has ended) to inform them of the new COBRA provisions and how those provisions may affect them.