

As many of you know, when an employee is terminated the employee may be eligible to continue their participation in the company sponsored health plan through what is often referred to as COBRA. COBRA is a federal law that allows workers who leave their jobs to continue their former employer's health insurance coverage for up to 18 months. Ordinarily, though, individuals must pay the entire premium, plus an administrative fee, making COBRA unaffordable for many unemployed workers. The economic stimulus package enacted in February 2009 subsidized 65% of COBRA premiums for workers laid off between September 1, 2008, and December 31, 2009. This legislation required employers to pay the 65% subsidy and then reclaim those dollars through a quarterly tax credit.

Recently, however, the government signed the Defense Department's 2010 appropriations bill ("2010 DOD Act") that will allow laid-off workers to receive subsidized COBRA premiums for up to 15 months, which previously expired after 9 months.

The Department of Labor's Employee Benefits Security Administration (EBSA) has released a [fact sheet](#) explaining how the 2010 DOD Act extends the COBRA subsidy enacted during the earlier economic stimulus package. In general, the 2010 DOD Act extended the COBRA premium reduction eligibility period for two months, through February 28, 2010 and increased the maximum period for receiving the subsidy from 9 to 15 months.

Also, the fact sheet reviews the eligibility requirements for the subsidy, the new period of coverage, and notice requirements that plan administrators must provide. The fact sheet explains that plan administrators are now required to provide notice about the changes made to the COBRA premium subsidy provisions to individuals who have already been provided a COBRA election notice, unless the election notice included the updated premium reduction information. The notices must be given to eligible individuals by February 17, 2010. Individuals who have been terminated on or after October 31, 2009 and will lose health coverage must be provided this notice "within the normal timeframes for providing continuation coverage notices." Those who had reached the end of the reduced premium period before the legislation extended it to 15 months must be provided this notice within 60 days of the last day they were eligible to receive COBRA premium assistance under the old rules.

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