

March 5, 2010

Phone: 248.355.9600

WWW.JSCLARKAGENCY.COM

***COBRA SUBSIDY PERIOD EXTENDED AND
ADDITIONAL GROUP ADDED TO QUALIFIED BENEFICIARIES***

On Tuesday, President Obama signed into law the Temporary Extension Act of 2010 (HR 4691). The new law, which immediately goes into effect, provides a 31-day extension of federal subsidies of COBRA health care premiums offered through ARRA. It also adds a new group to the Qualified Beneficiary pool. This extension affects continuation coverage offered under COBRA and any comparable state law.

CRITICAL CHANGES:

- **NEW END DATE:** The COBRA subsidy eligibility period is extended (for Qualifying Events on or after September 1, 2008) through March 31, 2010.
- **EXPANDED ELIGIBILITY (REDUCTION IN HOURS):** The law provides the subsidy for an additional group of Qualified Beneficiaries. The ARRA subsidy is now available to individuals who experience a reduction in hours followed by an involuntary termination of employment that occurs on or after March 2, 2010, and on or before March 31, 2010.

KEY POINTS SUMMARY:

- ✓ The expanded eligibility rule related to reduction in hours only applies to periods of coverage beginning **after March 2, 2010**.
- ✓ A new special election right exists for some Qualified Beneficiaries with a "Reduction in Hours" qualifying event if they are terminated involuntarily on or after March 2, 2010, and on or before March 31, 2010. Some Qualified Beneficiaries with a reduction in hours may never have elected COBRA or at some point discontinued COBRA. You have 60 days to notify involuntarily terminated employees of their rights.
- ✓ AEs making the special election do not have to pay for any gap in coverage between the two qualifying event dates. Any gap in coverage is not treated as a "break in coverage" under HIPAA portability rules.
- ✓ The length of the COBRA maximum coverage period does not change.

QUESTIONS:

If you have any questions regarding COBRA administration or the COBRA subsidy please contact your COBRA Administrator or contact your Account Manager at **248.355.9600**.