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About Mitchell Williams

Providing strategic counsel on a variety of sophisticated legal matters for 55 years, the attorneys of Mitchell Williams bring together decades of diverse professional experience and extensive relationships to offer clients in Arkansas and across the United States the most comprehensive services and solutions possible.

As progressive leaders in the legal community, we work as advocates and partners to help companies meet the complex business needs required to succeed in today's challenging economic climate. The firm employs 76 attorneys from offices in Arkansas, Texas, and New York. Visit MitchellWilliamsLaw.com to learn more.

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COBRA Coverage Subsidy Extended

The federal subsidy for COBRA continuation coverage is now extended to employees who lose group health plan coverage because of an involuntary separation of employment between December 31, 2009, and February 28, 2010.

The maximum period of subsidized coverage for any eligible individual is increased from nine to fifteen months.

As a result of this legislation, it is advisable to immediately contact your COBRA administrator to confirm that the proper procedures, notifications, and participant communications to satisfy the legislative changes are in place for your plan.

The 2010 Defense Appropriations Act became law on December 19, 2009. Employers should be aware of the changes to the existing COBRA subsidy rules and their responsibilities created through the amended legislation:

- Employees who lose coverage under a group health plan by reason of an involuntary separation occurring between September 1, 2005, and February 28, 2009, are "assistance eligible individuals" for the COBRA subsidy.
- The maximum period for which any assistance eligible individual may receive a COBRA subsidy is now fifteen months instead of nine.
- Any person whose COBRA subsidy expired before December 19, 2009, (under the previous nine month maximum subsidy period) is entitled to receive a refund equal to 65% of the COBRA premium payments paid since the subsidy expired.
- Persons who elected to allow their COBRA coverage to lapse after their subsidy expired by reason of the nine month maximum subsidy period rule will be able to retroactively restore their COBRA coverage back to the lapse by paying 35% of the COBRA premiums before the later of February 17, 2010, or thirty days after receiving notice of the extension by the group health plan.
- Any assistance eligible person is limited to a cumulative total of fifteen months of subsidized benefits including those restored and extended by reason of this legislation.

- The employer may, but does not have to, provide assistance eligible individuals with the opportunity to switch to any additional coverage options offered to active employees.
- Group Health Plans must provide notification and information on the COBRA premium changes
 - o This notice is to be provided –
 - no later than February 17, 2010, to assistance eligible individuals, or;
 - for those who became an assistance eligible individual on or after October 31, 2009, the time frame specified by COBRA for the applicable qualifying event
- A special notice is to be delivered before February 17, 2010, to any assistance eligible individual whose subsidy expired before December 19, 2009, by reason of the nine-month maximum subsidy period describing the rights to reinstate COBRA coverage.
- NOTE: There is likelihood that in February, Congress may further extend the subsidy eligibility to employees involuntarily terminated through June 2010.