



COBRA Subsidy and Eligibility Period Extended

December 22, 2009

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The U.S. Department of Labor announced on December 21, 2009 that the eligibility period and duration of the 65% subsidy for laid off employees' COBRA premiums have both been extended by Congressional action. The subsidy will now be available for anyone whose employment ceases on or before February 28, 2010, with no other change of the eligibility rules under the original subsidy program in the American Recovery and Reinvestment Act of February 17, 2009.

In addition, the potential duration of the subsidy has been extended from nine (9) to fifteen (15) months. Eligible individuals who become eligible going forward will receive the subsidy for fifteen months starting with their first day of COBRA continuation. The subsidy for a former employee who is currently receiving it as part of the original nine month program is automatically continued for a total of fifteen (15) months with no other change as to payment rules, termination upon entry in a new health insurance program, etc.

Former employees who have already exhausted their nine month subsidy under the February 17, 2009 legislation may re-enter the subsidy program for another six (6) months going forward. To continue such coverage, they must pay their 35% share of premium costs by the later of February 18, 2009 or thirty (30) days after the plan administrator provides them with notice of this extension. New model notices authored by the Department of Labor should be available shortly at www.dol.gov/cobra.

Lindner & Marsack, S.C. will continue to monitor this program and inform you of developments as they arise. If you have any questions about the COBRA subsidy, please call Alan Levy, who focuses on



employee benefits, at any time.

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