

ClientAlert

December 22, 2009

COBRA Subsidy Extended For Additional Six Months

Yesterday, President Obama signed a [new law](#) extending the COBRA premium subsidy period from a maximum of nine months to a maximum of fifteen months. The new law also extends eligibility for the subsidy to individuals who are involuntarily terminated between September 1, 2008 and February 28, 2010.

The new law extends the COBRA premium subsidy that was introduced by the American Recovery and Reinvestment Act in February 2009. For more information on the COBRA premium subsidy, see our [prior client alerts](#).

Employers will need to update their COBRA notices to reference the extended subsidy period in notices provided to individuals who are involuntarily terminated through February 28, 2010. Employers must provide individuals who were involuntarily terminated between October 31, 2009 and December 21, 2009 with notice of the extended COBRA subsidy period by February 19, 2010.

Individuals who reached the end of the COBRA subsidy period before the new law extended the COBRA subsidy period to fifteen months are eligible to receive the extended coverage and will have additional time to pay the reduced premiums for the extended coverage. To continue their coverage, such individuals must pay the 35% of premium costs by February 19, 2010 or, if later, 30 days after the notice of extension is provided by their employer. Affected individuals who have already paid the full premium amounts for additional months may receive a refund of any overpaid amounts or a credit towards future COBRA premiums.

Our client alerts are for general informational purposes and should not be regarded as legal advice. If you would like additional information or have any questions, please contact:

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