



December 2009

Employee Benefits



Alert

COBRA Subsidy Program Extended

On Dec. 21, 2009, President Obama signed into law legislation that extends the COBRA subsidy program. The subsidy was scheduled to expire on Dec. 31, 2009. The new legislation makes the following changes to the COBRA subsidy program:

- **Eligibility Extension.** Individuals who become eligible for COBRA coverage due to an involuntary termination of employment on or before Feb. 28, 2010 are entitled to the subsidy. The new legislation does *not* require individuals to become eligible for COBRA coverage by Feb. 28, 2010 in order to receive the subsidy. An employee who is involuntarily terminated on Feb. 28, 2010, but does not become eligible for COBRA until March 15, for example, would qualify for the subsidy.
- **Longer Subsidy Period.** The COBRA subsidy period is lengthened from nine to 15 months. The extension applies to everyone who has been eligible for the subsidy since February 2009, even if the nine-month subsidy period has already expired.
- **Retroactive Subsidy.** The 15-month subsidy period applies to individuals who received the subsidy in 2009. Accordingly, individuals who exhausted their nine months of subsidized COBRA are entitled to a retroactive subsidy. Individuals who dropped COBRA coverage in 2009 after their subsidy expired, may re-enroll to receive retroactive subsidized COBRA coverage. For example, an individual who received the COBRA subsidy from March 2009 through November 2009 and then dropped COBRA coverage may retroactively enroll in subsidized COBRA as of Dec. 1, 2009.
- **Notice.** Plan sponsors must provide notice of the COBRA extension to individuals who were eligible for the COBRA subsidy on or after Oct. 31, 2009 or whose employment was terminated after such date. The notice must be provided no later than 60 days after the date the legislation was enacted, which was Dec. 21, 2009.

Plan sponsors will need to revise COBRA notices, amend plan documents, and update summary plan descriptions in light of the COBRA subsidy program extension.

Please contact any member of the Williams Mullen Employee Benefits Group for assistance with this new law.

Williams Mullen Employee Benefits Group

Catherine M. Marriott
Group Chair
804.783.6901
kmariott@williamsmullen.com

Brydon M. DeWitt
804.783.6917
bdewitt@williamsmullen.com

Elinor P. Hindsley
804.783.6469
ehindsley@williamsmullen.com

Steven B. Long
919.981.4085
slong@williamsmullen.com

Nona K. Massengill
804.783.6569
nmassengill@williamsmullen.com

Maria S. Stefanis
757.629.0664
mstefanis@williamsmullen.com

Ingrid A. Watson
757.473.5312
iwatson@williamsmullen.com