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Client Alert – The Continuing Extension Act of 2010

Dear Client:

Last week, President Obama signed another extension of the COBRA subsidy program. The bill was known as the Continuing Extension Act of 2010 (the "Act"). In addition to extending the COBRA subsidy program that was enacted under the American Recovery and Reinvestment Act, the Act also extends unemployment benefits through June 2, 2010.

The Act did not change the eligibility period or the amount of subsidy; the COBRA premium subsidy remains available for up to 15-months at 65 percent premium subsidy. The Act extended the available coverage to those individuals involuntarily terminated through May 31, 2010, including those individuals who first lost group coverage due to a reduction in hours from September 1, 2008 through May 31, 2010, followed by a termination of employment occurring on or after March 2, 2010. Additionally, the Act provides transition relief for individuals who lost their jobs between March 31, 2010, and the date of enactment of the Act.

Currently, legislation is pending that would extend both the COBRA subsidy program and unemployment benefits through the end of this year. It is unclear whether this will pass or whether additional short-term extensions may occur.

If you need assistance with ensuring your company becomes compliant with these new COBRA and unemployment benefit requirements or have any questions about these issues, please contact us.

Sincerely,

Angela L. Thomas

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The information herein reflects the views of the author. The information should be construed as general guidelines and not interpreted as legal advice.

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