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Client Alert – The American Recovery and Reinvestment Act of 2009

Dear Client:

Last week, President Obama signed another extension of the COBRA subsidy program. The bill was known as the Temporary 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 April 5, 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 from March 1 through March 31, 2010; previously, the subsidy was only available to those terminated as of February 28, 2010. Additionally, the Act allows employees to receive the subsidy if they first lost group coverage due to a reduction in hours and then are terminated after enactment of the Act.

Currently, Congress is debating legislation that would extend both the COBRA subsidy program and unemployment benefits through the end of this year. Thus, it is anticipated that these "short-term" extensions of the COBRA subsidy and unemployment benefits are intended to give Congress more time to consider the pending legislation to extend these programs through 2010.

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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