

BenAlert

BENEFIT TRENDS AND LEGISLATIVE UPDATES

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HOWITT
Benefit Services

Howitt Benefit Services is pleased to provide you with periodic updates on benefit trends and legislative updates. As part of our valuable services, we want to ensure that you are in compliance and well-informed of the ongoing changes in our industry.

In this BenAlert:

- **COBRA Subsidies End? Maybe Not!**

August 31, 2011

Yesterday the Department of Labor, Employee Benefits Security Administration (EBSA) published a notice on its [website](#) regarding the apparent cessation of COBRA subsidies. Since eligibility for the COBRA/ARRA subsidy ceased as of May 31, 2010, it would seem no one would be eligible for the 15-month subsidy beyond August 31, 2011.

The Exception

EBSA cites one exception: An individual qualifies for the subsidy on or before May 31, 2010; however, due to provisions of a severance agreement, the employer extends health coverage for six months to be followed by COBRA with start date of December 1, 2010. Their COBRA subsidy would last through February 2012.

Erroneous Cut-Off of Subsidy

EBSA has prepared an [application](#) for Expedited Review for individuals whose subsidies have or will be cut off erroneously as of August 31, 2011.

Discussion

COBRA ARRA Subsidy. The American Recovery and Reimbursement Act (ARRA) contained a provision, which provided a COBRA premium subsidy to certain Qualified Beneficiaries. As you recall, individuals whose employment terminated involuntarily at any time from September 1, 2008 through May 31,

2010, were able to pay 35% of their COBRA premium in lieu of the full COBRA premium. Originally the subsidy was for nine months; however, it was extended to 15 months

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