

# BenAlert

## BENEFIT TRENDS AND LEGISLATIVE UPDATES

APRIL 2010



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 Subsidy Period Extended Once Again

On April 15, 2010, the President signed into law the [Continuing Extension Act of 2010 \(HR 4851\)](#). Among other provisions, this law once again extends the COBRA subsidy eligibility period under ARRA, this time through May 31, 2010.

As with ARRA, the changes affect continuation coverage offered under COBRA and any comparable state law. Like its COBRA predecessors, this law takes immediate effect and is retroactive to April 1, 2010.

The law makes the following changes:

- o New Sunset Date: The COBRA subsidy eligibility period (for Qualifying Events on or after September 1, 2008) now ends on May 31, 2010. This period had expired on March 31, 2010. As a refresher, the subsidy is a 65 percent discount off the regular COBRA premium for up to 15 months. Only Assistance Eligible Individuals (AEIs) qualify for the subsidy.
- o Eligible Qualifying Events: As before, two types of Qualifying Events are subsidy eligible. The first one is an involuntary termination of employment. The second one is a reduction in hours followed by an involuntary termination of employment if that involuntary termination occurs on or after March 2, 2010, and on or before May 31, 2010.
- o The new law does not change the length of the COBRA maximum coverage period. It is still based on the original reduction in hours Qualifying Event date. Also, the subsidy period (up to 15 months) is unchanged.

This is a scenario that is likely to continue month by month for the remainder of this year until and unless [HR 4213](#) (amended by Senate Amendment 3336) is passed. This bill has been passed by the Senate and is pending in the House. It would extend the subsidy eligibility period through the end of 2010.

\*\*\*\*\*

Howitt Benefit Services (HBS) is not an attorney firm and HBS is not giving legal advice or interpreting the law. This update is published as an information source for our clients and colleagues. It is general in nature and not a substitute for legal advice or an opinion on a particular case. For more information, contact us at [benefits@howittins.com](mailto:benefits@howittins.com) or at 1-866-445-1550.