



## **Update on COBRA/ARRA Extension**

**January 8, 2010**

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As we reported in our Legislative Update 2009-20 dated December 21, 2009, Congress extended the ARRA COBRA Subsidy benefits from nine months to fifteen months for Assistance Eligible Individuals (AEI) who undergo an involuntary termination of employment on or prior to February 28, 2010. Under the original ARRA legislation, an individual would qualify as an Assistance Eligible Individual as long as the involuntary termination of employment resulting in the loss of health care coverage as well as the inception of the COBRA benefit occurred prior to December 31, 2009.

### **COBRA Entitlement Issue**

With the signing of the Department of Defense Appropriations Act on December 19, 2009, containing the new COBRA legislation, individuals will qualify as Assistance Eligible Individuals so long as the involuntary termination resulting in the loss of coverage occurs on or before February 28, 2010, regardless of the inception date of COBRA coverage. To clarify this point, we have revised our original Legislative Update 2009-20 (Rev. 1-7-10), which is now available on the home page of our website: <http://www.abferisa.com>.

### **Model Notices**

The Department of Labor (DOL) has submitted newly revised notices and an additional notice required under the new law, to the Office of Management and Budget for approval. It expects to provide these notices shortly. Plan Sponsors must notify all affected individuals by February 17, 2010. Historically, if the DOL encounters difficulty in this process, it can extend the February 17, 2010 deadline. As a result, I recommend that Plan Sponsors wait until the DOL publishes the new notices before notifying the affected group.

## State COBRA Laws

It is also our understanding that the Governor's office has provided a preliminary indication that California may not provide a similar extension. Other states may take a different position.

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