

## INSURANCE LAW ALERT

DECEMBER 2009

### COBRA Subsidy Extension

On December 21, 2009, President Obama signed the Department of Defense Appropriations Act of 2010 (“Defense Act”), which, among other things, has confirmed an extension of the COBRA subsidy originally authorized under the 2009 American Recovery and Reinvestment Act (“ARRA”). (See April 2009 Insurance Law Alert.) The most relevant provisions of the Defense Act with respect to extension of the COBRA subsidy are as follows:

- (1) Provide an extension of the COBRA subsidy eligibility to February 28, 2010;
- (2) Extend the nine month time period for application of the subsidy by an additional six months, for a total of fifteen months;
- (3) Permit retroactive payment of premium for up to sixty days after enactment of the extension for those

assistance-eligible individuals (“AEI”) whose subsidy expired on November 30, 2009 and who did not pay their premium for December coverage;

- (4) Mandate an additional notice to all AEIs (i) who are on COBRA on or after November 1st or, (ii) whose qualifying event is a termination of employment on or after November 1st;

- (5) Correct the current inconsistency in ARRA which requires both the termination of employment and eligibility for COBRA to be within the eligibility date. Only the date of the involuntary termination of employment will have to be on or before February 28, 2010. The COBRA benefits can begin at a later time.

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Should you have any questions regarding the COBRA subsidy or the recent extension, please contact:

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|---------------------------|---|------------------------|---|--------------|
| Cynthia J. Borrelli, Esq. | ■ | cborrelli@bressler.com | ■ | 973-514.1200 |
| Angela M. Scafuri, Esq.   | ■ | ascafuri@bressler.com  | ■ | 973-514.1200 |

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