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## Federal COBRA Subsidy Expanded

Tucked at the end of the Department of Defense Appropriations Act, 2010 ("DOD Act"), which was signed into law by President Obama on December 19, 2009, are provisions substantially expanding the Federal COBRA subsidy enacted as part of the American Recovery and Reinvestment Act of 2009 ("ARRA"). As originally enacted under ARRA, the Federal COBRA subsidy allows certain eligible individuals who experience an involuntary termination and lose health coverage between September 1, 2008 and December 31, 2009, to continue coverage pursuant to COBRA for up to nine months at 35% of the premium. The federal government reimburses employers for the remaining 65% of the premium through payroll tax credits.

With the passage of the DOD Act, the eligibility period for the Federal COBRA subsidy is now extended through February 28, 2010. Additionally, it is no longer necessary that coverage be lost before February 28, 2010, but only that the involuntary termination occur before that date. The DOD Act also extends the coverage period for the Federal COBRA subsidy from nine months to fifteen months.

As was the case when the Federal COBRA subsidy was originally enacted last February as part of ARRA, the expansion places additional burdens on COBRA administration. In particular, supplemental notices including information about the expanded eligibility and coverage periods will need to be distributed. Notably, certain individuals who have dropped COBRA continuation coverage after their original nine months of subsidy ended may have the right to re-elect COBRA and retroactively pay premiums. In addition, all COBRA election notices going forward must include information about the Federal COBRA subsidy expansion.

Early next year, the Senate is expected to turn its attention to the Jobs for Main Street Act, which already passed the House of Representatives and includes further (largely more expansive) changes to the Federal COBRA subsidy. Therefore, more changes may be coming soon.

The attorneys in Venable's [Employee Benefits and Executive Compensation Group](#) are happy to assist you with any questions you may have about this expansion of the Federal COBRA subsidy.

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