



## Manley Services Employer Bulletin: COBRA Premium Assistance Extension

Issued January 12, 2010

On December 21, 2009, President Obama signed a bill extending the COBRA premium subsidy provided by the American Recovery and Reinvestment Act (ARRA).

### **Longer Subsidy Period**

The maximum COBRA premium subsidy period is extended from the original 9 months to 15 months.

### **New Eligibility Cutoff Date**

The cutoff date for employees to be involuntarily terminated and still qualify for the premium subsidy has been pushed back two months – from December 31, 2009, to February 28, 2010.

In addition, the law expressly provides that the subsidy will be available as long as the employee is involuntarily terminated on or before February 28, 2010, even if the employee remains covered under the employer's group health plan through the end of February, and does not actually become eligible for COBRA coverage until March 1 or later. This clause overrides the prior eligibility position of the Department of Labor.

### **Restoration of Coverage**

An assistance eligible individual (AEI) who has lost coverage upon failing to pay the full COBRA premium after the nine months of subsidized coverage expired will now have a second chance to pay the premium (at the 35 percent subsidized rate), retroactively restoring their coverage under the plan. The employee must be allowed a period of at least 60 days from the date of enactment of the law within which to pay the premium, or if later, within 30 days after the notice of restoration right is provided.

### **How Will Manley Handle This Change?**

**Required Notices.** An assistance-eligible individual whose employment terminated on or after October 31, 2009, and on or before February 28, 2010, will be furnished a notice advising of the extended subsidy eligibility period. Notices will be provided within 60 days of the date of the enactment of the new law, or if later, as of the date the normal COBRA Election Notice is otherwise required to be provided to the employee.

Assistance-eligible individuals who either lost COBRA coverage by failing to pay the full premium after the end of the original subsidy period, or who continued coverage by paying the full COBRA premium rate, will also be provided with a notice regarding the restoration of coverage, and an outline of the premium overpayment rules discussed above. The notice will be provided within the 60-day post-enactment period.

### **Questions?**

If we receive additional guidance on this law, we will keep you informed through additional Employer Bulletins and our Web site [Employers page](#). In the meantime, if you have any questions or concerns, please feel free to contact our COBRA Customer Service Team by e-mail at [COBRA@ManleyServ.com](mailto:COBRA@ManleyServ.com) or by phone at (800) 422-7038.

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