

Hard Times Update—December 2009

Congress Extends COBRA Subsidy Program for Laid-Off Workers

In December 2009, Congress approved an extension of the nine-month COBRA premium subsidy program contained in the federal American Recovery and Reinvestment Act (ARRA). This program pays 65 percent of the premiums for laid-off workers who maintain employer-sponsored coverage under federal COBRA and state continuation laws. (The program had been scheduled to lapse on December 31, 2009.) Its extension provides relief in three important ways:

- The original nine-month subsidy period in the ARRA has been extended to 15 months. This means that workers who enrolled in the program when it began in March 2009—and all subsequent enrollees—are now entitled to 15 months of premium subsidies, instead of nine months.
- Most immediately, special transition rules grant new rights for two categories of employees who were caught up in the expiration. First, those employees who allowed their COBRA coverage to lapse because they lost subsidies as of November 30, 2009, will have a new right to reenroll in COBRA and take advantage of the ongoing premium subsidy by making retroactive payments towards the premium owed, based on their former 35 percent payment. Second, employees who paid the full premium for COBRA coverage after their subsidy lapsed will be entitled to a refund or credit that reflects the subsidy. Affected workers are entitled to notice of these new rights and have until February 17, 2010, or 30 days after they receive the notice—whichever is later—to exercise their rights to extend the subsidy period or reenroll in COBRA.
- Congress also approved a two-month extension of the eligibility period for program participation, which previously applied only to those who enrolled in COBRA prior to January 1, 2010, as a result of job loss. Now, anyone who becomes COBRA-eligible as a result of job loss prior to February 28, 2010, may obtain the subsidy, even if their COBRA enrollment occurs after that date. Since COBRA enrollment often lags behind job loss, this extension also provides subsidy eligibility to those who lost their jobs in November or December, but were not yet enrolled in COBRA by January 2010.

Taken together, these changes are intended to effect a seamless extension of COBRA subsidies from nine to 15 months and to include people who continue to lose jobs up through the end of February. The Fund will continue to make information available as details are clarified on these new provisions. Additional information on the extension can be found at

<http://www.dol.gov/ebsa/newsroom/fscobrapremiumreduction.html>, and, for the complete program, on the U.S. Department of Labor website, <http://www.dol.gov/ebsa/cobra.html>.

New Coverage Options

In addition to the coverage options discussed in the *Hard Times and Health Insurance* guide, New York State enacted legislation in 2009 that includes two new options:

- Unmarried children up to age 29 are now eligible for coverage under fully insured group policies maintained by a parent. Employers may permit children to enroll at a family member rate, but otherwise these children can enroll at the full adult rate. Information on this new program is available at http://www.ins.state.ny.us/health/S6030_Age29.htm.
- Individuals and families who face the loss of COBRA coverage after 18 months may be eligible to extend their COBRA benefit under fully insured group plans for another 18 months as a result of a new state law. Information is available at http://www.ins.state.ny.us/cobra/cobra_ext_36.htm.