



DATE: January 11, 2010
TO: Our Valued Client Partners & Friends
FROM: HIB Account Team
RE: LEGISLATIVE UPDATE 2010-02
Update on COBRA/ARRA Extension

We are pleased to bring you our **Legislative Update 2010-02: FMLA – Update on COBRA/ARRA Extension**. This Update provides you with additional information regarding the COBRA/ARRA extension. Once the Department of Labor officially releases the revised notices, as well as the additional notice required under this law, Heffernan will be holding a webinar to help employees comply with these new requirements.

We will continue to keep you informed as updates occur, and please, if you have any questions, contact your HIB Account Team for assistance.

Update COBRA/ARRA Extension

As we reported in our Legislative Update 2009-20 dated December 22, 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 the website indicated below:

<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,

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we 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 of the state of California has provided a preliminary indication that California may not provide a similar extension. Other states may take a different position.

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mike@abferisa.com

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