



DATE: September 2, 2011
TO: Our Valued Client Partners & Friends
FROM: HIB Account Team
RE: **LEGISLATIVE UPDATE 2011-9: COBRA Subsidies End? Maybe Not!**

We are pleased to bring you our **Legislative Update 2011-9: COBRA Subsidies End? Maybe Not!** This memorandum serves as a reminder about the end of the COBRA subsidies. As always, please feel free to contact your HIB Account Team for assistance.

COBRA SUBSIDIES END? MAYBE NOT!

Earlier this week, the Department of Labor, Employee Benefits Security Administration (EBSA) published notice on its [website](#) regarding the apparent cessation of COBRA subsidies. Since eligibility for the COBRA/ARRA subsidy ceased as of May 31, 2010, it would seem no one would be eligible for the 15 month subsidy beyond August 31, 2011.

THE EXCEPTION

EBSA cites one exception: An individual qualifies for the subsidy on or before May 31, 2010; however, due to provisions of a severance agreement, the employer extends health coverage for six months to be followed by COBRA with start date of December 1, 2010. Their COBRA subsidy would last through February 2012.

ERRONEOUS CUT-OFF OF SUBSIDY

EBSA has prepared an [application](#) for Expedited Review for individuals whose subsidies have or will be cut off erroneously as of August 31, 2011.

DISCUSSION

COBRA / ARRA Subsidy. The American Recovery and Reinvestment Act (ARRA) contained a provision which provided a COBRA premium subsidy to certain Qualified Beneficiaries. As you recall, individuals whose employment terminated involuntarily at any time from September 1, 2008 through May 31, 2010, were able to pay 35% of their COBRA premium in lieu of the full COBRA premium. Originally the subsidy was for nine months; however, it was extended to 15 months by subsequent legislation in December 2009.

FAQs. EBSA has also published [FAQs](#) to assist COBRA beneficiaries whose subsidy is coming to an end.

Details of the COBRA Subsidy Provisions. Please refer to our Legislative Updates 2009-3, 2009-4, 2009-5, 2009-8, and 2009-20 for our summary of the rules, model notices, etc. You also may find further information about the COBRA subsidy provisions on the EBSA [website](#).

NO ACTION NEEDED

There appears to be no employer obligation to provide notice to beneficiaries of the subsidy regarding its cessation.



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