

COBRA Subsidy Extended for Assistance Eligible Individuals

January 12, 2010

In December 2009, President Barack Obama signed into law a bill that extends the COBRA premium subsidy as provided in the American Recovery and Reinvestment Act of 2009 (ARRA).

Under the ARRA, employers are required to pay 65 percent of the COBRA premiums for Assistance Eligible Individuals, but such amounts are recouped via a tax credit on the Employer's Quarterly Federal Tax Return. Detailed information concerning the ARRA was provided via a Plunkett Cooney Rapid Report last spring and is available on the firm's website. [Click here](#) to review the March 11 Rapid Report.

Employers should be aware that the subsidy remains available for any employee experiencing an involuntary termination of employment on or before February 28, 2010 (previously December 31, 2009). Also, the subsidy for COBRA coverage has been extended from the original nine months coverage to 15 months.

Employers are required to provide notice to Assistance Eligible Individuals of their rights and specific rules apply to the payment of premiums during the transition period. For further information, employers should consult with an experienced employment attorney.

Should you have any questions about the COBRA subsidy extension, please feel free to contact the author, Claudia D. Orr, or any member of Plunkett Cooney's Labor and Employment Practice Group. To review a practice group directory, [click here](#).