

To: Our Clients and Friends

April 16, 2010

COBRA Premium Subsidy Extended

Late last night, President Obama signed into law H.R. 4851, the Continuing Extension Act of 2010 ("Act"), extending the eligibility period for the COBRA subsidy until May 31, 2010.

Eligibility Period

Individuals who lose group health care coverage due to an involuntary termination of employment that occurs on or before May 31, 2010, and who otherwise qualify, can pay a reduced COBRA premium of 35% of the otherwise applicable cost for a period of up to fifteen months.

Additionally, a person who loses coverage due to an employee's reduction in hours that occurs between September 1, 2008 and May 31, 2010, followed by the employee's involuntary termination between March 2, 2010 and May 31, 2010, can be eligible for a COBRA subsidy if he or she otherwise meets the statutory requirements.

Election Notices

Under prior law, the premium subsidy eligibility period expired March 31, 2010. If an individual lost coverage or will lose coverage due to an employee's termination of employment that occurred on or after April 1, 2010 and prior to April 15, 2010 (or lost coverage or will lose coverage due to a reduction in hours followed by a termination of employment that occurred during the requisite period), he or she will need to receive another COBRA election notice on or before June 14, 2010. The individual will then have 60 days from the date the notice is provided to elect COBRA, even if he or she already declined COBRA.

Additionally, as was required previously, all COBRA election notices must contain information on the subsidy. The Department of Labor has not yet released model notices.

Additional Extensions Likely

Another bill extending the COBRA premium subsidy eligibility period through the end of 2010 is working its way through Congress and may be passed before the end of this May 31st extension. The Employee Benefits and Executive Compensation Group will circulate additional Client Bulletins to keep you

apprised of any such law changes. In the meantime, please feel free to contact any member of the Bryan Cave LLP Employee Benefits and Executive Compensation Group listed below if you require assistance or have any questions regarding the information contained in this Bulletin.

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