

CONTENT AREA

COBRA Premium Subsidy Law Extended and Expanded

ISSUE/QUESTION

What changes result from the COBRA premium subsidy law signed December 21, 2009?

ANSWER

The COBRA Premium Subsidy due to expire December 31, 2009 has been extended through February 28, 2010. The extension includes COBRA-eligible individuals involuntarily terminated on or before February 28, 2010, even if their COBRA begins March 1, 2010.

In addition to the program extension, the COBRA Premium Subsidy has been expanded. The amount of time a COBRA assistance eligible individual can receive the subsidy has increased from nine months to 15 months. However, the maximum COBRA eligibility period (18 months) has not been increased, so those individuals who exhaust their COBRA coverage may not be eligible for a full 15 months of subsidy.

These changes require ADOA to provide notices of the new extension rights to individuals who became assistance-eligible after October 31, 2009 or experience a qualifying termination of employment on or after that date. Notices are being drafted and the ADOA Benefit Services Division will keep the COBRA process centralized.

Updates and Q & A sheets will be provided as more information becomes available.

ISSUED

December 23, 2009