



EMPLOYEE BENEFITS BULLETIN

February 2009

The American Recovery and Reinvestment Act of 2009: Possible Changes to COBRA

With a new presidential administration at the helm, there has been, and continues to be a push for a large economic stimulus package, which, among many other things, purports to amend COBRA. We, along with everyone else in the benefits world are closely monitoring the House and Senate, as they work to get this package on the president's desk to sign into law.

Recently the House of Representatives passed their version of this bill, which would: (1) provide for a 65% government-subsidy for COBRA Qualified Beneficiaries involuntarily terminated between September 1, 2008 and December 31, 2009; and (2) extend COBRA rights to employees over age 55 with 10 or more years of service by allowing them to remain covered until they enroll in another group health plan or become eligible for Medicare.

The Senate version of this bill is different and is currently being debated in open session. We expect deliberations to continue through the weekend, and they could continue for some time. The Senate could change the bill, the House and Senate together could amend the bill, or the bill may not pass at all. Congress has set a goal to have a finalized version of the bill, dubbed "American Recovery and Reinvestment Act of 2009," on President Obama's desk before the President's Day recess (scheduled February 16-20).

While we don't know what the final law will say, how it will affect COBRA, or how quickly we will get guidance from the Department of Labor on how to interpret and execute the amendments to COBRA, we feel comfortable saying that we do expect the government to extend COBRA rights to qualified beneficiaries in some capacity. This isn't good for employers, because it will increase claims experience on group health plans and drive up premiums. We will update you again as we get more information.

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February 24th	12PM - 1PM
March 10th	12PM - 1PM
March 24th	12PM - 1PM
April 7th	12PM - 1PM
April 21st	12PM - 1PM