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House Passes COBRA Subsidy Extension Bill

WASHINGTON-The U.S. House of Representatives overwhelmingly approved legislation Wednesday that would extend the federal subsidy of COBRA health insurance premiums for employees who are involuntarily terminated.

Embedded in H.R. 3326, a measure appropriating funds for the Department of Defense, the nine-month, 65% premium subsidy would be extended by six months to a total of 15 months. It would apply to those who lose their jobs through Feb. 28, 2010. Under current law, employees who lose their jobs after Dec. 31 are ineligible for the subsidy.

The measure, approved on 395-34 vote, also would provide an additional six months of subsidized coverage for beneficiaries whose nine-month COBRA premium subsidy has run out.

In addition, the legislation would give beneficiaries whose subsidy ran out and who didn't pay the full premium a second chance to opt for coverage. For example, a beneficiary whose nine months of subsidized coverage ran out Nov. 30 and who didn't pay the regular unsubsidized December premium could pay the 35% premium share in January and receive coverage for December.

The legislation would require employers to notify current COBRA beneficiaries and future beneficiaries of the new 15-month premium subsidy.

The House also is expected to take up another appropriations bill, H.R. 2847, with a provision that would extend the premium subsidy to those who lose their jobs through June 30, 2010.

The Department of Defense bill, Washington observers say, is on "fast-track" consideration and could be quickly approved by the Senate.

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