

Agent Update



An Update From BlueChoice HealthPlan Sales/Marketing

December 31, 2009

COBRA Subsidy and State Continuation Updates

On December 19, 2009, the President signed into law the “Department of Defense Appropriations Act, 2010” (H.R. 3326). Section 1010 of the bill contains provisions to extend the nine-month 65 percent federal subsidy of COBRA premiums created by the Section 3001 of Division B of the American Recovery and Reinvestment Act (H.R. 1; ARRA, effective February 17, 2009). Key points of the extension are to:

- Extend the COBRA/State Continuation subsidy eligibility period by two months, so that it would end on February 28, 2010, rather than December 31, 2009.
- Extend the period of the COBRA subsidy from nine months to 15 months. Since State Continuation coverage in South Carolina is for only six months, this extension does not apply to State Continuation.
- Clarify subsidy eligibility for individuals not eligible for COBRA/State Continuation during the subsidy eligibility period: Under ARRA, individuals had to be involuntarily terminated AND eligible for COBRA during the subsidy eligibility period (September 1, 2008, to December 31, 2009). H.R. 3326 § 1010(d) provides that the involuntary unemployment must occur within the subsidy eligibility period, but the eligibility for COBRA/State Continuation, while it must arise from the involuntary unemployment, need not occur during the subsidy eligibility period (now September 1, 2008, to February 28, 2010).

Additional information is available through the United States Department of Labor’s Web site at <http://www.dol.gov/ebsa/cobra.html>.

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