

## Important Notice Regarding COBRA Continuation Coverage

January 2010

### COBRA Subsidy Law Extended and Expanded

On December 19, 2009 President Obama signed the Fiscal Year 2010 Department of Defense Appropriations Act (2010 DOD Act) which includes several important changes to the COBRA premium subsidy law (ARRA) which was due to expire December 31, 2009. Specifically the new law imposes additional compliance obligations for employers and new notice requirements that must be met within a tight timeframe.

### Key Provisions of the COBRA Subsidy Extension

#### Eligibility Period Extended to February 28, 2010

Under ARRA the eligibility period for government premium subsidy applied to individuals who were involuntarily terminated from employment and who had a loss of health coverage before December 31, 2009.

The new law extends the eligibility period for an additional two months (through February 28, 2010). It also clarifies that a person is assistance eligible as long as the COBRA qualifying event (involuntary termination of employment) occurs by February 28, 2010 even if the loss of coverage date is on or after February 28.

#### Premium Subsidy Period Increases from Nine to Fifteen Months

Under ARRA, Assistance Eligible Individuals (AEI's) could receive the government subsidy for up to nine months. The new law increases the maximum period for receiving the 65% government subsidy for an additional 6 months (from 9 to 15 months).

**Please note that the new law DOES NOT increase the COBRA period beyond the original 18 months.**

### Re-notification of Assistance Eligible Individuals

Employers and/or COBRA administrators must notify all Assistance Eligible Individuals of their new COBRA premium subsidy rights under the law. This re-notification must be provided within 60 days.

In the case of AEI's whose subsidy eligibility may have expired under the old law, a period for retroactive payment of premiums must be allowed. For example, an AEI whose subsidy started on March 1, 2009, would have had it expire on November 30, 2009 (9 months). If they failed to remit the December payment causing coverage to terminate, they must be allowed to reinstate coverage and receive the subsidy for an additional 6 months.

**Please feel free to contact AdminPro with any questions  
1-800-989-8776 option 3 [cobra@adminproadvantage.com](mailto:cobra@adminproadvantage.com)**

### AdminPro Action Plan

AdminPro is working closely with our COBRA software vendor and legal advisors to respond quickly to the new regulations on behalf of our clients who engage us to provide COBRA administrative services.

We continue to look for guidance from the Department of Labor and the IRS pertaining to the administrative requirements and notification language. Once we receive the updates to our COBRA software, we will re-notify all COBRA assistance eligible individuals who may be affected by the new law.

If AdminPro has been providing your COBRA services since on or before 10/31/2009, there is no further action required by the employer. For clients that signed with AdminPro after that date, your Account Manager will be in contact for the additional information required to comply with the new guidelines.

AdminPro is prepared to provide COBRA outsourcing services to any employer who does not want to take on the administrative burdens contained with this new law. If these changes make it necessary to outsource your COBRA administration, please contact:

**Gregg Huskin**  
[gregg@adminproadvantage.com](mailto:gregg@adminproadvantage.com)  
**(800) 989-8776.**

**We will provide updated information as it becomes available.**