

February 13, 2009

Compliance

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INNOVATION IN BENEFITS

ALERT

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» **STIMULUS PACKAGE TO INCLUDE COBRA CHANGES**

As expected, the proposed American Recovery and Reinvestment Bill will include premium assistance for COBRA benefits for individuals and their families. This Trion Compliance Alert provides a quick overview of the proposed regulations and the major provisions that were eliminated from previously released versions of the bill.

WHAT THE BILL INCLUDES

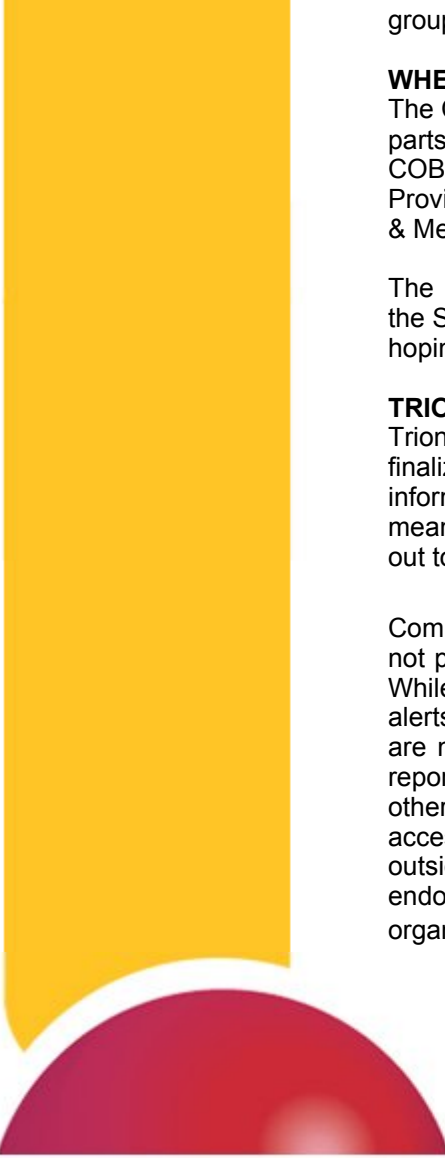
The bill includes provisions expanding COBRA health continuation coverage for those employees who involuntarily lose their jobs between September 1, 2008, and December 31, 2009. The bill requires employers to subsidize 65% of the COBRA premium for nine months, leaving terminated employees to pay only 35%.

Like the earlier bills, the compromise measure requires employers to locate employees laid off since September 1, 2008, who declined COBRA, to tell them they have a new right to opt for the coverage with the government picking up 65% of the premium. Individuals would have 60 days after receiving the notification to sign up for the coverage. The COBRA coverage would stop if the terminated employee becomes eligible for Medicare or other group health coverage. There are also individual and family income limitations to qualify for the subsidy. The COBRA premium subsidy would not be available to individuals with an annual income exceeding \$125,000 or to couples with annual incomes exceeding \$250,000. The bill includes related notification requirements.

WHAT WAS DROPPED FROM THE BILL

The agreement reached on Wednesday eliminated the original House provision that would have expanded COBRA coverage until Medicare eligibility for COBRA-eligible individuals who are 55-years or older, or who have 10 or more years of service with their employer. The conferees' agreement is similar to COBRA provisions approved by the Senate earlier this week. Under that measure, the subsidy would have been 50% of the premium and it would have been available up to 12 months.

The earlier House version called for a 65% premium subsidy up to 12 months. It also would have allowed employees with 10 years of service and those 55 and older to retain COBRA until eligible for Medicare, a potentially decades-long entitlement that business



groups successfully fought to have removed.

WHERE TO FIND FURTHER INFORMATION

The Conference Report - including the final version of the bill - is two parts. [Part 2](#) includes the COBRA provisions and starts on page 396. COBRA provisions can be found on page 16 in the [Summary of Provisions from the Senate Finance Committee and the House Ways & Means Committee](#).

The House plans to vote on the bill today, February 13, with the Senate voting either February 13 or 14. President Obama is hoping to sign it into law on February 16, President's Day.

TRION NOTE:

Trion continues to closely monitor and wait for the regulations to be finalized. We will again communicate to you, disseminating information as soon as we receive it. This Trion Compliance Brief is meant to update you on this important issue and we will again reach out to you as soon as more information is known.

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