

TBR



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## **COMPLIANCE ALERT: CONGRESS APPROVES COBRA PREMIUM SUBSIDY EXTENSION**

On Saturday, December 19, the Senate approved the Department of Defense Appropriations Act of 2010 which includes a provision to extend the federal COBRA health insurance premium subsidies for the unemployed. President Obama is expected to sign the bill.

### **»» EXTENSION OF ELIGIBILITY PERIOD**

H.R. 3326 would extend the existing nine-month, 65% premium federal subsidy by six months. This extension would apply to those who are involuntarily terminated through Feb. 28, 2010. An additional six months of subsidized coverage would also be provided to beneficiaries whose nine-month COBRA premium subsidy has run out.

### **»» ELECTION TO PAY PREMIUMS RETROACTIVELY AND MAINTAIN COBRA COVERAGE**

Those beneficiaries who did not pay the full premium when their subsidy expired will be given the opportunity to receive retroactive coverage. For example, a beneficiary whose nine months of subsidized coverage ran out Nov. 30 and who didn't pay the unsubsidized premium for December could pay his or her 35% share in January and receive COBRA coverage for December.

### **»» NOTICE REQUIREMENTS**

Employers will be required to notify current and future COBRA beneficiaries of the new 15-month premium subsidy within 60 days after the date of the enactment of the Act.

### **»» REFUNDS AND CREDITS FOR RETROACTIVE PREMIUM ASSISTANCE ELIGIBILITY**

The legislation makes clear that employers can offset future COBRA premiums or issue refund checks for beneficiaries who overpaid their COBRA premium. This situation may happen if a beneficiary whose subsidy ran out in November paid the full premium rather than the 35% share in December.

### **»» CONCLUSION**

Trion is providing you with this updated based on available information and interpretation of the Premium Assistance of COBRA Benefits section of the Department of Defense Appropriations Act of 2010. Federal Agencies will begin releasing formal guidance in an effort to further clarify certain sections of the Act. Trion will provide updates as additional information becomes available.

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