

LEGAL UPDATES

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Service

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Executive
Compensation

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DOL Guidance for COBRA Subsidy

The U.S. Department of Labor (DOL) has published guidance, including model notices, to implement the COBRA subsidy requirements of the American Recovery and Reinvestment Act of 2009 (ARRA). Under these requirements, certain individuals who had a COBRA "qualifying event" due to involuntary termination between September 1, 2008, and December 31, 2009, are eligible for a 65% COBRA premium subsidy for a period up to nine months, for periods of COBRA coverage beginning on or after February 17, 2009.

For more information regarding the COBRA subsidy, see our February 23, 2009 story.

The DOL guidance includes three model notices:

1. A "General Notice" to be provided by plans that are subject to the COBRA continuation provisions under Federal law (i.e., generally employers with 20 or more employees). The DOL created two versions: a long form and an abbreviated form. The long form incorporates the existing COBRA election notices as well as the ARRA requirements. The abbreviated form merely describes the premium reduction and other rights and obligations under ARRA. Either form must be provided to all qualified beneficiaries who experienced a qualifying event at any time during the period September 1, 2008, through December 31, 2009.
2. An "Alternative Notice" to be provided by issuers that offer group health insurance coverage that is subject to continuation of coverage requirements under state law.
3. A "Notice in Connection with Extended Election Periods," which must be provided by plans that are subject to COBRA to all "assistance eligible individuals" who had a qualifying event at any time from September 1, 2008, through February 16, 2009, and either did not elect COBRA continuation

coverage, or who elected coverage but subsequently discontinued COBRA. This Notice does not apply to small employers not subject to Federal COBRA.

What This Means To You

The General Notice or Alternative Notice, as applicable, should be provided right away to current and former participants and beneficiaries who had a qualifying event on or after September 1, 2008, regardless of whether the individual previously elected COBRA coverage, and regardless of the reason the individual was eligible for COBRA coverage. The Notice in Connection with Extended Election Periods must be provided no later than April 18, 2009, which is 60 days after the date ARRA was enacted.

Contact Info

Please contact a member of the Employee Benefits & Executive Compensation Group if you need our assistance in completing the notices or have any questions.

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