

What's Happening in Washington D.C.

There has been some activity on Capitol Hill regarding COBRA legislation. In the House, a number of bills have been introduced, including HR 3966, which would extend the ARRA COBRA subsidy for involuntary terminations and losses of coverage occurring through June 30, 2010.

Another bill, HR 3930, is much more extensive: it would extend basic COBRA rights from 18 to 24 months for any termination of employment (either voluntary or involuntary), or reduction of hours, that occurred between April 1, 2008 and December 31, 2009. If an individual's COBRA coverage already expired before the law is passed, he or she would have a second election right to obtain the additional six months of coverage.

There is also HR 3920, which would extend the ARRA COBRA subsidy for people who are involuntarily terminated through June 30, 2010. HR 3920 would also increase the actual length of time for the ARRA subsidy by 6 months (for a total of 15 months), but all subsidies would end by December 31, 2010 regardless of the extension.

In the Senate, S.2730 has been introduced. It would extend the ARRA COBRA Subsidy from 9 months to 15 months, extend the end date for eligibility for treatment as an AEI to June 30, 2010, and increase the Subsidy amount from 65% to 75% of the monthly COBRA premium. These provisions would be retroactive to the enactment date of the ARRA.

Please note that at the time this message is sent, none of these bills have been enacted and there is no guarantee that any of the proposed bills will become law. However, many observers are confident that Congress will likely pass some kind of legislation before the end of this year that would add to employers' COBRA obligations.

-AmeriFlex Compliance