

COBRA Administration and ARRA: DOL Issues New Guidance on the End of the 65% Subsidy

You recently received an update from AmeriFlex containing information about possible new COBRA legislation that might extend the ARRA COBRA subsidy. That update appears [here](#). Since no new law has been enacted yet, and because, as of the time of this email, none is close to being enacted, eligibility for the ARRA COBRA subsidy is scheduled to end December 31, 2009.

Important Information Regarding the Final Month of the ARRA COBRA Subsidy

On December 2nd, the US Department of Labor posted an updated FAQ regarding the end of the ARRA COBRA Subsidy. The FAQ states that if a Qualified Beneficiary (QB) experiences a COBRA Qualifying Event on or prior to December 31, 2009, but the QB's first day of COBRA coverage doesn't happen until on or after January 1, 2010, the QB is *not* eligible for treatment as an Assistance Eligible Individual. This means they **should not** receive the ARRA 65% COBRA subsidy. The link to the updated FAQ is here: <http://www.dol.gov/ebsa/faqs/faq-cobra-arra.html>.

We anticipate that some people will take issue with the fact that a COBRA start date of 1/1/10 prevents them from being eligible for the ARRA subsidy, however, Plan Administrators should resist any urge they might have to offer the subsidy. Plan Administrators who offer the ARRA COBRA subsidy to people who are not eligible for it could be subject to fines, tax penalties, and will not be reimbursed for the subsidies by the IRS.

We will provide additional updates as they become available.

-AmeriFlex Compliance

<http://www.flex125.com>