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## COBRA PREMIUM SUBSIDY NOW EXTENDED THROUGH MAY 31, 2010

It is time to revise COBRA premium subsidy notices – again! The COBRA 65 percent premium subsidy has been extended through May 31, 2010. The subsidy was enacted in 2009 to help workers who lost their jobs as a result of the economy maintain their employer-sponsored health insurance. The subsidy previously expired on March 31, 2010.

### Eligibility Period

The Continuing Extension Act of 2010, enacted April 15, reinstated the COBRA premium subsidy and other provisions that expired on March 31, 2010, including extended unemployment insurance. The Act reinstated the COBRA premium subsidy retroactively to March 31, 2010, so there is no gap in the eligibility period.

The subsidy is generally available for workers who lost or will lose their jobs between September 1, 2008 and May 31, 2010. Individuals who become eligible for the subsidy on or before May 31, 2010 can receive the subsidy for up to 15 months as long as they remain otherwise eligible.

For additional information regarding eligibility for the subsidy, including in some cases, workers who have their hours reduced and later lose their jobs, see our prior HRO alerts, including, [COBRA Premium Subsidy Again Extended and Expanded](http://www.hro.com/files/file/publications/ALERT-COBRAPremiumSubsidyAGAINExtended.pdf), dated March 10, 2010 at <http://www.hro.com/files/file/publications/ALERT-COBRAPremiumSubsidyAGAINExtended.pdf>.

### Health Coverage Tax Credit

The Internal Revenue Service website includes helpful information for individuals who are eligible for the COBRA premium subsidy and may also qualify for the health coverage tax credit (HCTC). The HCTC pays 80 percent of qualified health insurance premiums for those who qualify. For more information regarding the HCTC eligibility requirements, please see [HCTC: Eligibility Requirements and How to Receive the HCTC](http://www.irs.gov/individuals/article/0,,id=185800,00.html) at <http://www.irs.gov/individuals/article/0,,id=185800,00.html>.

### Action Items

Employers should review their COBRA model notices to ensure notices are up-to-date. The COBRA model notices and information included on the Department of Labor, Employee Benefits Security Administration website have been updated for the May 31, 2010 extension.

Employers will also want to watch for any additional updates or extensions of the COBRA premium subsidy period.

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