



Legislative Brief

COBRA Premium Subsidy: Department of Labor Guidance On Eligibility



Under the American Recovery and Reinvestment Act of 2009 (ARRA), certain individuals who are eligible for COBRA continuation health coverage, or similar coverage under State law, may receive a temporary subsidy of 65 percent of the COBRA premium. These individuals are required to pay only 35 percent of the premium.

The Department of Labor (DOL) has issued the following Frequently Asked Questions to clarify questions regarding eligibility for the COBRA premium subsidy. The FAQs are available at www.dol.gov/ebsa/faqs/faq-cobra-arr.html.

Questions Regarding Current Eligibility for the COBRA Premium Reduction

Q1: If an employee is involuntarily terminated no later than December 31, 2009, but the qualified beneficiary is not eligible for COBRA until on or after January 1, 2010, is the qualified beneficiary eligible for ARRA premium assistance?

No. Under ARRA, an assistance eligible individual is a qualified beneficiary who, as the result of an involuntary termination that occurred during the period from September 1, 2008, through December 31, 2009, is eligible for COBRA continuation coverage at any time during that period, and elects the COBRA continuation coverage. An individual who does not become eligible for COBRA until after December 31, 2009 does not meet the qualifications to be an Assistance Eligible Individual and would therefore be ineligible for the ARRA premium assistance. **Please note that this is the correct information based on the current law; however, there is pending legislation that could extend the ARRA premium assistance.**

Q2: My plan has told me that ARRA expires or stops on December 31, 2009. If I am an assistance eligible individual who was involuntarily terminated no later than December 31, 2009 and became eligible for COBRA no later than December 31, 2009, can I still receive the full 9 months of ARRA premium assistance?

Yes. Assistance eligible individuals are entitled to receive the full 9 months of premium assistance as long as they remain eligible. For example, if an assistance eligible individual started COBRA on November 1, 2009, they would be entitled to 9 months of ARRA premium assistance from November 1, 2009 through July 31, 2010 as long as they remained eligible. **Please note that this is the correct information based on the current law; however, there is pending legislation that could extend the ARRA premium assistance.**

Please contact your CHS representative with any questions, (952)939-0911.