



# Lawyers Alliance for New York

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**March 2010**

## **Legal Alert: COBRA subsidy temporarily extended and expanded - AGAIN!**

Early this March, Congress passed the Temporary Extension Act of 2010 (“TEA”), which amended the COBRA subsidy provisions set forth under the American Recovery and Reinvestment Act. These provisions were extended in December 2009 to include involuntary terminations that occurred through February 28, 2010 and have now been extended through March 31, 2010. Under the TEA, any participant who is involuntarily terminated from employment through March 31, 2010 is eligible to receive the COBRA subsidy. The maximum period during which the subsidy may be received remains 15 months.

In addition, TEA extended subsidy rights to certain employees who are involuntarily terminated after experiencing a loss in hours which causes the loss of group health coverage. Specifically, anyone who experiences a reduction of hours between September 1, 2008 and March 31, 2010 which causes them to lose coverage under the employer’s health plan, will now qualify for the COBRA subsidy if the employee is later terminated involuntarily between March 2 and March 31, 2010.

Finally, TEA provides that an employer’s decision as to whether an employee was involuntary terminated will be upheld as long as the employer’s determination has been documented and is a reasonable determination of the law.

Legislation that is expected to extend the COBRA subsidy for an additional month is currently moving through Congress and there is some support for an extension through the end of the year.

**Employees and other plan participants must be given updated COBRA notices and election forms.** The U.S. Department of Labor has provided updated Model Notices and Election forms that can be found at <http://www.dol.gov/ebsa/cobramodelnotice.html>.

Our previous legal alert ([http://lawyersalliance.org/news\\_legal\\_alerts.php#4](http://lawyersalliance.org/news_legal_alerts.php#4)) provides a more detailed analysis of this law.

***This alert is meant to provide general information only, not legal advice. Please call Judith Moldover at Lawyer’s Alliance at (212)-219-1800 x 250 or visit our website [www.lawyersalliance.org](http://www.lawyersalliance.org) for further information.***