

**COBRA Subsidy
Continuing Extension**

April 2010

On April 15, 2010, President Barack Obama signed the Continuing Extension Act of 2010 into law, which provides a further extension of eligibility for the COBRA subsidy that was initially enacted in the American Recovery and Reinvestment Act of 2009 and extended by the Temporary Extension Act of 2010 to March 31, 2010. Under the Continuing Extension Act, employees who are involuntarily terminated from April 1, 2010 through May 31, 2010 will be eligible for up to 15 months of subsidized continuation coverage.

The Temporary Extension Act creates special rules related to the extension of coverage. Individuals who were involuntarily terminated on or after April 1, 2010 but prior to April 15, 2010, and who do not have a COBRA election in effect on April 15, 2010, may elect COBRA continuation coverage during the period beginning April 15, 2010 and ending 60 days after notification of COBRA rights is provided to them. Likewise, plan administrators of group health plans (or other entities) are required to provide such individuals notification of their rights no later than June 14, 2010.

The Temporary Extension Act advises that these rules will also apply with respect to State continuation coverage programs.

We anticipate that the Department of Labor's Employee Benefits Security Administration will update its model notices, descriptions and communications relating to the COBRA subsidy. In the meantime, we recommend that responsible parties update their notices and communications to reflect this latest extension.

If you have any questions regarding this *briefing*, please contact your Keenan account service team.

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