

## American Recovery and Reinvestment Act (ARRA)

### COBRA Subsidy Clarification

**Individuals who become eligible for COBRA or state continuation coverage on or after December 31, 2009, will not qualify for the subsidy.**

The American Recovery and Reinvestment Act provision that provided eligible COBRA and state continuation participants with nine months of subsidized premiums will end December 31, 2009. Therefore, an individual who becomes eligible for COBRA or state continuation coverage on or after December 31, 2009, will not be eligible for the 65 percent subsidy.

This means that if an employee is terminated on December 31, 2009, that employee **may be eligible** for COBRA or state continuation but **will not be eligible** for the subsidy.

For more information on the COBRA subsidy, go to the U.S. Department of Labor website at <http://www.dol.gov/ebsa/cobra.html>

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for premium reductions and additional election opportunities for health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly called COBRA. Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit. The premium reduction applies to periods of health coverage beginning on or after February 17, 2009 and lasts for up to nine months for those eligible for COBRA during the period beginning September 1, 2008 and ending December 31, 2009 due to an involuntary termination of employment that occurred during that period. The TAA Health Coverage Improvement Act of 2009, enacted as part of ARRA, also made changes with regard to COBRA continuation coverage.