

Publications

COBRA Provisions in Economic Stimulus Legislation

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As part of the legislative efforts to provide relief on account of the nation's economic slowdown, Congress is likely to expand the coverage continuation provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) in effort to help individuals who lose access to group health care coverage due to a job loss. Under COBRA, an employee of an employer with 20 or more employees who would lose coverage under the employer's group health plan due to termination of employment may elect to continue that coverage for a period of time (generally 18 months from the date coverage is lost) by paying premiums to the employer to continue such coverage.

Yesterday, the House of Representatives passed an economic stimulus plan that includes an expansion to the COBRA rules. The Senate is considering a separate economic stimulus bill, which also contains COBRA provisions. The COBRA provisions in the legislation that the House passed and that the Senate is currently considering differ, as summarized in the attached memo.

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