

Publications

DOL Issues Two New FAQs Related to COBRA Premium Subsidy

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SERVICES

The American Recovery and Reinvestment Act of 2009 (ARRA), enacted on February 17, 2009, provides a federal subsidy for COBRA premiums for certain employees and covered family members who lost or will lose coverage under a group health plan due to involuntary termination of employment from September 1, 2008 through December 31, 2009. ARRA requires that group health plans provide certain notices to plan participants who may be eligible for this COBRA subsidy.

Previously, the Department of Labor (DOL) and the Internal Revenue Service (IRS) have issued Frequently Asked Questions (FAQs) providing guidance on the COBRA subsidy. On December 2, 2009, DOL released two new FAQs that provide additional guidance on the COBRA subsidy. These FAQs address the circumstances under which individuals who are involuntarily terminated from employment on or before December 31, 2009 are eligible for the COBRA premium subsidy. The first FAQ states that individuals who are involuntarily terminated on or before December 31, 2009 but who do not lose coverage under the group health plan until on or after January 1, 2010 are not eligible for the COBRA premium subsidy. The second FAQ makes clear that assistance eligible individuals (i.e., individuals who lose coverage due to involuntary termination of employment on or before December 31, 2009) are entitled to the full 9 months of COBRA premium subsidy as long as they remain eligible, even if some of the subsidy period occurs after December 31, 2009. The FAQs are available at <http://www.dol.gov/ebsa/faqs/faq-cobra-arr.html#>. Please see the attached memo for more information.

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