



## The Vita Viewpoint Important Information for Decision Makers

### Extension of COBRA Federal Subsidy

#### COBRA Federal Subsidy Eligibility Extended to March 31, 2010

On March 2, 2010, President Obama signed into law H.R. 4691, the Temporary Extension Act of 2010. The Act includes provisions which amend the current federal subsidy legislation.

#### The Details

The following is a summary of the amendments that are included in the Act:

1. The Act extends the date through which a COBRA qualified beneficiary may experience an involuntary termination of employment and still be eligible for the federal subsidy to **March 31, 2010**.

If Vita is your COBRA administrator and you have already submitted a COBRA event with a qualifying event date between March 1, 2010 and March 31, 2010, Vita will send a revised election package to the qualified beneficiary detailing the new provisions of the federal subsidy.

2. The Act extends eligibility for the COBRA federal subsidy to qualified beneficiaries who had lost coverage due to a **reduction in hours between September 1, 2008 and February 28, 2010 and are then involuntarily terminated from employment on or after the enactment date of March 2, 2010**.

The involuntary termination of employment does **not** create a new COBRA qualifying event. Instead, the COBRA coverage period begins from the original COBRA start date and the federal subsidy applies as of the involuntary termination of employment.

The Act allows a new election period and will not require a qualified beneficiary to make retroactive payment. This may result in a potential gap in coverage which will be reflected on the employer's carrier bills.

**Action Item:** Please contact the Vita COBRA Team directly if you have any employees who experienced a COBRA qualifying event of a reduction of hours since September 1, 2008 followed by an involuntary termination of employment between March 2, 2010 and March 31, 2010. Do **not** submit a new qualifying event. We will then notify the qualified beneficiary of their COBRA federal subsidy rights.

#### Pending Legislation

Congress is continuing to review legislation to further extend the federal subsidy. One such legislation is proposed to extend the eligibility date to December 31, 2010.

We will keep you updated with any further legislative changes.

***For questions or additional information, please contact  
Vita Benefits Group at (650) 968-8811.***