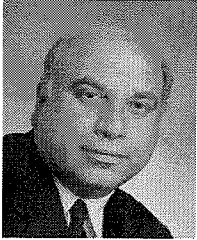


MORE NEWS



Lou DiLorenzo

New Cobra Amendments

For the first time in over twenty years, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), which provides employees with continuation of coverage under an employer's group health plan after a termination or other qualifying event, was significantly revised under the recently passed American Recovery and Reinvestment Act (ARRA). ARRA, which became effective February 17, 2009, expands election and enrollments rights and, in effect, provides a government subsidy of 65 percent of the required COBRA premium for a maximum of 9 months to assist eligible employees and their eligible dependents covered under a group medical plan. An eligible individual is someone involuntarily terminated, not for gross misconduct, from September 1, 2008 through December 31, 2009 and who is not eligible for Medicare or certain other group health plans, such as the plan of a spouse. Additionally, individuals who qualified for coverage because of an involuntary termination between September 1, 2008 and December 31, 2009 and did not elect continuation coverage or elected continuation coverage but let it lapse may have the right to an additional 60-day election period. The eligible individuals need pay only 35 percent of the COBRA premium and the entity providing the insurance will be required to pay the other 65 percent, but will receive a payroll tax credit. The premium subsidy is phased out for single filers with adjusted gross income of between \$125,000 and \$145,000, and joint filers making \$250,000 to \$290,000.

Notice requirements have also been added by the revision and the Department of Labor has just released four model notices to help employers comply. The General Notice, which contains the pre-existing COBRA model notice and the new ARRA provision, must be sent to all qualified beneficiaries (not just covered employees) who experience any qualifying event at any time from September 1, 2008 through December 31, 2009. There is also an Abbreviated Version of the General Notice which includes information regarding the new ARRA provisions and may be sent to those who: experienced a qualifying event during, on or after September 1, 2008 and have already elected COBRA coverage and still have COBRA coverage. An Alternative Notice is to be sent to individuals who become eligible for continuation of health coverage under a State law. The fourth is a Notice in Connection with Extended Election Periods and must be sent to any "eligible individual" (or those who would qualify if a COBRA election were in effect) who: experienced an involuntary termination of employment between September 1, 2008 through February 16, 2009 (prior to when ARRA took effect), and were previously offered COBRA coverage but either did not elect to take it or discontinued it. This notice must be provided by April 18, 2009 and the second election period lasts for 60 days from the date the notice is provided.

Helpful websites:

The notices consist of a General Notice (full version)
<http://www.dol.gov/ebsa/COBRAGeneralnoticefullversion.doc>

General Notice (abbreviated version) <http://www.dol.gov/ebsa/COBRAGeneralnoticeabbreviatedversion.doc>,

Alternative Notice
<http://www.dol.gov/ebsa/COBRAalternativenotice.doc>

Notice in Connection with Extended Election Periods
<http://www.dol.gov/ebsa/COBRAextendedelectionperiodnotice.doc>

DOL – Fact Sheet – COBRA Premium Reduction:
<http://www.dol.gov/ebsa/newsroom/fsCOBRAPremiumreduction.html>

IRS – Information on COBRA revisions:
<http://www.irs.gov/newsroom/article/0,,id=204505,00.html>

¹ Mr. DiLorenzo is a senior partner at Bond, Schoeneck & King, PLLC, Chair of its Labor & Employment, Employee Benefits & Executive Compensation and Immigration Practice Group. He is also Managing Partner of the Firm's New York City and Long Island Offices. He divides his time between the Syracuse and New York City offices.

MACNY's 96th Annual Dinner Sponsorship Opportunities

May 14, 2009

Dinner Reservations

5:30 PM – Reg. & Cocktail Reception

6:30 PM — Dinner & Ceremony

\$80.00 Per Person

Table of 10 - \$750.00

Contact: Carol Waters at
cwaters@macny.org

Sponsorship Opportunities

MACNY has a variety of Sponsorship levels available for this years celebration!
Contact Kris Alexich at kalexich@macny.org for details.

Speaker Sponsor.....\$7,500

Reception Sponsor.....\$5,000

Gold Dinner Sponsors.....\$3,000

Silver Dinner Sponsors.....\$2,000

Bronze Dinner Sponsors.....\$1,000