

## Employee Benefits E-news

February 16, 2009

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### Immediate Action Needed to Implement Stimulus Act Changes to COBRA Coverage

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The American Recovery and Reinvestment Act of 2009 (Act), passed by Congress on February 13, 2009, makes significant changes to the COBRA continuation coverage rules. The most publicized change is the federal government subsidy of COBRA continuation coverage premiums for up to 9 months for certain individuals who are qualified beneficiaries due to a covered employee's involuntary termination of employment. In addition, group health plans must offer individuals who are eligible for the subsidy but who do not currently have COBRA coverage a second chance to elect COBRA coverage. Because this subsidy is generally effective March 1, 2009, and notices regarding the second COBRA election must be provided within 60 days after the Act's enactment, employers and group health plan administrators have very little time to understand the requirements for the subsidy and the second COBRA election and modify their administrative procedures accordingly.

The Act also extends COBRA continuation coverage periods for other individuals. Because this extension is effective immediately, group health plan administrators need to act quickly to determine who is eligible for the extension and modify administrative procedures as necessary.

Finally, group health plans must be amended to incorporate both of these changes.

Butzel Long's Employee Benefits Practice Group has prepared a full analysis of the COBRA provisions in the Act to help employers and plan administrators in implementing these changes. To view this analysis on our website, please visit [http://www.butzel.com/pbnew.cfm?ID=317&TYPE\\_ID=1](http://www.butzel.com/pbnew.cfm?ID=317&TYPE_ID=1). For more information about the Act's COBRA provisions, or for questions regarding any aspect of your company's employee welfare benefit plans, contact your regular Butzel Long attorney, a member of the Butzel Long Employee Benefits Practice Group, or the author of this e-news bulletin.

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