

Compliance Alert

The End of the COBRA Subsidy?

The COBRA subsidy for new qualifying events has expired. Individuals who experience an involuntary termination on or after June 1, 2010 will not be eligible for the COBRA subsidy. Individuals who qualified for the subsidy on or before May 31, 2010 are not impacted by this change. These individuals will continue to receive up to 15 months of a reduced COBRA premium, provided they remain eligible for the premium assistance.

Congress is expected to reconsider an extension of the subsidy in the coming weeks. However, the future of the subsidy remains uncertain. An extension of the COBRA subsidy to the end of the year was removed from recent legislation in the House.¹

It is likely that if legislation to extend the COBRA subsidy is passed, it will include some retroactive application to ensure individuals who were involuntarily terminated after May 31, 2010, but before the date of enactment, have the opportunity to elect COBRA and receive the premium reduction.

We will continue to monitor developments and update you with new information. Please continue to watch the DOL's COBRA site for additional announcements and information:
<http://www.dol.gov/ebsa/cobra.html>.



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¹ H.R 4213 - see summary at http://waysandmeans.house.gov/media/pdf/111/America_Jobs_Summary.pdf.

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601 Union St
Suite 1000
Seattle, WA 98101
206.441.6300
kpc.com

700 NE Multnomah
Suite 1300
Portland, OR 97232
503.224.8390
usinw.usi.biz

50 California Street
Suite 650
San Francisco, CA 94111
415.273.8700
usi.biz

2021 W March Lane
3rd Floor
Stockton, CA 95207
209.957.6800
usi.biz

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