

March 2, 2009

Recovery And Reinvestment Act Of 2009 Update

COBRA Premium Reduction

As you no doubt know, the American Recovery and Reinvestment Act of 2009 (ARRA) is making big changes in health insurance continuation coverage through COBRA. (These change do not apply to coverage through Cal-COBRA, i.e., employers with fewer than 20 employees.) Included in the new law are a reduction in premiums for many individuals and a special opportunity to elect COBRA for individuals who did not elect it when it was first offered, or elected it but are no longer enrolled.

Because this is so new, announcements are coming out regularly from the U.S. Department of Labor, and it may be weeks or months before we know all the details of implementation. Posted on our website you will find a fact sheet published by the Department of Labor, as well as another DOL document entitled "FAQs About COBRA for Workers and Their Families."

Keep in mind that the relevant time period for eligibility under the ARRA is September 1, 2008 through December 31, 2009 (so individuals who elected COBRA prior to September 1, 2008 cannot apply for the premium reduction.)

If you have questions or need additional information you can contact our office by calling 408-998-3400 or send an email to us at attorneys@simsandlayton.com.

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