

Benefits Buzz

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Further Extension of COBRA Subsidy Proposed

An additional COBRA premium subsidy extension of 10 months was proposed by President Obama in his budget for the 2011 fiscal year.

If set into law, the government would continue to reimburse employers of health plans and subsidize 65 percent of the premium for workers who lose their jobs starting March 1, 2010.

With the proposed extension, the subsidy would be available to those laid off between March 1 and Dec. 31, 2010, and would be provided for up to 12 months.

Of major concern regarding the extension is the continued need for benefits administrators and HR to be knowledgeable on the extension. The Department of Labor will also have to issue new notices.

In addition, confusion is mounting with the length of the previous extension being 3 months longer than this proposed extension. As a result, it is possible to become unemployed on Feb. 28 and be entitled to the COBRA subsidy for 15 months, while being laid off on March 1 would result in only 12-months of subsidy coverage.

DID YOU KNOW?

On Feb. 22, President Obama released his anticipated health reform proposal set to be used as the basis for discussion at the upcoming bipartisan health care summit on Feb. 25.

The proposal primarily uses the Senate-passed Patient Protection and Affordable Care Act as a foundation with some recognition of the House bill as well. Provisions maintained from the Senate bill include retaining the excise tax on high-level "Cadillac" plans, state-based insurance exchanges and health insurance premium controls.

DOL Model Notice for CHIPRA

The U.S. Department of Labor has issued a new model notice that employers can use in complying with the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA).

If an employer's group health plan covers residents in a state that provides a premium subsidy, the employer must send an annual notice about the available assistance to all employees residing in that state (the Employer CHIP Notice).

The first Employer CHIP Notice must be sent by the first day of the first plan year beginning after Feb. 4, 2010, or May 1, 2010, whichever is later. For employers with calendar year plans, the notice must be sent by Jan. 1, 2011.

Employers that fail to send the required notices may be subject to penalties of \$100 per day.