

The American Recovery and Reinvestment Act of 2009 (ARRA)
Enactment Date: February 17, 2009

The COBRA Premium Subsidy is a part of new legislation included in the American Recovery and Reinvestment Act (ARRA) also known as the Stimulus Package that President Barack Obama signed into law on February 17, 2009. The economic initiative is a new U.S. government subsidy to assist eligible individuals who recently lost their jobs. The COBRA changes become effective on the first full coverage month following the new law which for most plans is March 1, 2009.

The new COBRA legislation includes:

- COBRA Subsidy
 - Qualified beneficiaries, who have experienced involuntary termination of employment on or after September 1, 2008 and through December 31, 2009 and lost coverage under the group health plan may be eligible to receive a 65% subsidy of their COBRA premiums for up to nine months beginning March 1, 2009.
 - All group health plans, excluding Flexible Spending Accounts (FSA) are eligible for the subsidy.
- Additional Election Period
 - Those individuals who would otherwise qualify for the COBRA subsidy but did not elect COBRA prior to the enactment date, or elected and are no longer enrolled as of the date of enactment, will have a second election period of 60 days with corresponding instructions.
 - New communication will be sent to COBRA eligible participants indicating the qualifications for the subsidy with corresponding instructions.
- Eligible employees
 - To be eligible for the subsidy, an employee must be terminated, or have been terminated, from his or her employment during the period starting September 1, 2008, and ending December 31, 2009. Employees must have been terminated involuntarily and not for reasons of gross misconduct.
 - The participant cannot be eligible for coverage under another group health plan or Medicare.
 - An individual will be required to notify the plan of a loss of COBRA subsidy entitlement if he or she is eligible for coverage under another group health plan or Medicare, and will be penalized for the failure to do so.
 - Individuals with an adjusted gross income exceeding \$145,000 (for single filers) or \$290,000 (for joint filers) are not eligible for the government subsidy.
- There are no changes to the current COBRA eligibility period

The University of Florida in conjunction with The State of Florida will issue some guidance on this Act as soon as more information becomes available.

Summary cited from a Ceridian Notice, March 2009
Ceridian is an industry leader in administering COBRA