

Congress Considering COBRA Subsidy Extensions

The Obama administration and Congressional Democrats are considering extending the federal COBRA subsidy that was introduced in 2009's economic stimulus package.

The American Recovery and Reinvestment Act of 2009 (ARRA) created the COBRA subsidy, which has the federal government fund 65 percent of COBRA premiums for individuals who involuntarily lost or lose their employment between September 1, 2008 and December 31, 2009 for a maximum of nine months.

Those people who took advantage of the COBRA subsidy on its March 1, 2009 effective date are soon to reach the end of their nine-month COBRA premium reduction. Additionally, the window of eligibility for the COBRA subsidy closes on December 31, 2009 – a date that is fast approaching.

Rep. Joe Sestak, D-Pa., has introduced legislation – the Extended COBRA Continuation Protection Act of 2009 – that would extend the duration of the COBRA subsidy from nine to 15 months for all qualified individuals. It would also allow individuals whose employment is involuntarily terminated through June 30, 2010 to take advantage of the COBRA subsidy and extend the length of COBRA coverage from 18 to 24 months for employees who are terminated or whose work hours are reduced.

In the Senate, Sens. Sherrod Brown, D-Ohio, and Robert Casey, D-Pa have introduced the similar COBRA Subsidy Extension and Enhancement Act of 2009. The bill also would extend the duration of the COBRA subsidy from nine to 15 months and allow involuntarily terminated employees to elect it through June 30, 2010. It is unique in allowing employees whose work hours are involuntarily reduced, leading to a loss of health coverage, to elect the COBRA subsidy and increasing the premium reduction from 65 to 75 percent.