



# Legislative Update

July 19, 2010

## **DOL Releases Non-Subsidy COBRA Model Notices**

A COBRA premium reduction subsidy was made available under the American Recovery and Reinvestment Act (ARRA) to eligible individuals who were involuntarily terminated from employment through the end of May 2010. Due to the statutory sunset, the COBRA premium reduction ARRA subsidy is not available for individuals who experience involuntary terminations after May 31, 2010. However, individuals who qualified on or before May 31, 2010 may continue to pay reduced premiums for up to 15 months, as long as they are not eligible for another group health plan or Medicare.

The DOL created [ARRA model notices](#) to help plans and employers comply with the subsidy requirements. Each model notice was designed for a particular group of qualified beneficiaries and contained information to help satisfy ARRA's notice provisions.

It now does not appear likely that the COBRA subsidy eligibility period will be extended beyond the current date of May 31, 2010. In other words, individuals who experience an involuntary termination of employment on or after June 1, 2010 and lose group health plan coverage are not eligible for a subsidy. Conner Strong will continue to track and provide updates if anything changes in this regard. Therefore, unless and until eligibility for the subsidy is extended through legislation, individuals experiencing a COBRA-qualifying event on or after June 1, 2010 should receive the same version of the qualifying event notice sent by the plan administrator prior to the enactment of the subsidy on February 17, 2009. For example, if an employer terminates an employee on June 10, 2010, and as a result of such termination the employee loses health coverage, the plan administrator should provide the individual with the qualifying event notice that does not include information about ARRA or the subsidy.

The DOL has now posted two non-ARRA model notices to its dedicated COBRA [web site](#) for use on and after June 1, 2010:

[General Notice](#) (non-ARRA) for use by single employer group health plan, also available in [Spanish](#)

[Election Notice](#) (non-ARRA) for use by single employer group health plan, also available in [Spanish](#)

In order to use these model general notice properly, the plan administrator must complete them by filling in the blanks with the appropriate plan information. Use of the model notices, appropriately completed, will be considered by the DOL to be good faith compliance with the notice content requirements of COBRA.

If you have questions, **please contact your Conner Strong account representative toll-free at 1-877-861-3220.**

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