



# Legislative Update

April 20, 2010

## **SHORT-TERM COBRA SUBSIDY EXTENSION APPROVED**

On Thursday, April 15, 2010 President Obama signed into law the "Continuing Extension Act of 2010" (H.R. 4851). The law temporarily extends the federal government's subsidy for COBRA benefits, unemployment insurance benefits, and Medicare physician payment rates.

The most significant impact for employers is the COBRA subsidy extension period. The main highlights of the law are below:

- The law further extends the 15-month, 65% federal premium subsidy to employees laid off from April 1 through May 31. The previous short-term extension expired March 31
- The law further extends the Medicare physician payment update previously passed from March 31, 2010 to May 31, 2010 to prevent a 21% drop in physician payment rates
- The law also further extends unemployment insurance benefits from eligible workers from April 5, 2010 to June 2, 2010

This is likely not the last of the COBRA subsidy extensions. The US House of Representatives is expected to begin debate on another bill, the "American Workers, State, and Business Relief Act of 2010 (H.R. 4213)" which was passed by the Senate on March 10, 2010. Its primary employee benefits related impact is that it proposes to extend the COBRA subsidy eligibility extension through December 31, 2010.

Conner Strong is monitoring this latest COBRA developments and will issue updated alerts and information shortly. If you have questions or need assistance with these new changes, please contact your Conner Strong representative toll-free at 1-877-861-3220.

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