



Compliance Alert

March 5, 2010

COBRA Subsidy Extended Again for One Month

On March 2, the President signed the “Temporary Extension Act of 2010” (H.R. 4691), which extends the subsidy for involuntary terminations occurring before March 31, 2010. Additional extensions of the subsidy are currently under consideration. As more information is available, GBS will provide you with the specifics.

The Department of Labor (DOL) is currently working on five new notices. As they become available GBS will update our notices appropriately and provide the notices to you for review.

This act included important provisions to the following:

1. This Act extends the 15-month COBRA subsidy to those workers involuntarily terminated from March 1 through March 31.
2. This Act also gives the COBRA subsidy to individuals who have a qualifying event of reduction of hours occurring anytime from September 1, 2008 through March 31, 2010 followed by an involuntary termination of employment occurring on or after March 2, 2010 but not beyond March 31, 2010.

Individuals satisfying the conditions at noted in #2 above and who did not make an election of COBRA or who made and discontinued their COBRA election after the reduction of hours are now entitled to a **new election period**. Under this new rule, the COBRA continuation period begins as of the loss of coverage due to the reduction in hours.

New Notice Requirements

Plans must provide additional notification to the individuals who are eligible for COBRA subsidy assistance because they experienced a reduction in hours followed by an involuntary termination. The notice must be provided during the 60-day period beginning on the date that individual is involuntarily terminated. The DOL is to issue a model notice in the near future for plans to use.

If you have any questions regarding this information, please contact your Group Benefit Services Account Manager at 1.800.638.6085.

This communication is not intended to be legal advice and should not be construed as legal advice. If you have any legal questions or concerns about your plan, GBS recommends seeking counsel from an ERISA attorney.

Keeping you informed. Just one more reason to choose GBS.