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Employment Law News Alert

Informing clients and friends of the firm about legal trends, news or items of interest.

Congress Extends COBRA Subsidy

On Monday December 21st, President Obama signed legislation to extend the government's subsidy of COBRA (Consolidated Omnibus Budget Reconciliation Act) benefits. The subsidies were originally scheduled to expire on December 31, 2009. The extension was part of the annual Fiscal Year 2010 Defense Appropriations Act.

COBRA provides a temporary extension (usually 18 months) of employer health benefits for workers after they have been terminated. The subsidy requires employers to pay 65% of a worker's COBRA premium for 9 months after termination when the worker becomes unemployed due to a lay-off or reduction in force. The subsidies were originally part of the government's economic stimulus package – the American Recovery and Reinvestment Act (ARRA).

Specifically, the changes include:

- The maximum subsidy period is expanded from 9 months to 15 months and includes individuals currently receiving the subsidy.
- The COBRA subsidy was originally available only to those who lost their job due to lay-off through December 31, 2009. The revisions expand the qualifying time during which workers must have been laid-off from December 31, 2009 to February 28, 2010.
- Extends coverage up to 15 months for individuals who have exhausted the 9 month subsidy period so long as the individual pays all previous premiums due for COBRA coverage during the lapsed months.

There are also notice requirements associated with the extension of the COBRA subsidy. Plan administrators must notify eligible former employees of the changes to subsidies' availability. Schwarzberg & Associates remains ready and available to assist employers with their compliance efforts with respect to COBRA, or any other employment-law related matters.

The Schwarzberg & Associates Employment Law Compliance and Defense Practice Group is here to help you defend unemployment claims, develop policies, procedures, and proactive responsive measures to these and other employment related issues. We also provide our clients with our employment law "hotline" which allows our clients, for a flat fee, to ask our employment attorneys general questions to assist in their compliance efforts. Please do not hesitate to contact a member of the Schwarzberg & Associates Employment Law Group: Steve Schwarzberg, Carrie Cherveney, Kristin Ahr, Kerry Raleigh, or Grace Murillo at 561-659-3300 to obtain more information about our firm and its various employment law compliance and defense services.



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