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Bill Introduced to Extend COBRA Benefits

On October 26, 2009, Congressman Joe Sestak (PA-07) introduced legislation to extend Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) benefits. COBRA, a federal law that gives workers who lose their health benefits the right to choose to continue receiving benefits provided by their group health plan for limited periods of time under certain circumstances such as an involuntary job loss. COBRA benefits can be costly.

The American Recovery and Reinvestment Act of 2009 (ARRA) provided workers who are involuntarily terminated from employment between September 1, 2008, and December 31, 2009, (and who meet income requirements) with a 65% COBRA subsidy for a period of up to nine months. The subsidy was available to employees terminated starting September 1, 2008, but was not retroactive, meaning that it applied to group coverage for the period beginning March 1, 2009. ARRA also provided involuntarily terminated workers with additional opportunities to elect COBRA coverage. Absent federal action, the subsidy will expire at the end of this year, and will end this month for involuntarily terminated workers who have been receiving it since March.

Sestak's House Resolution (H.R.) 3930, the Extended COBRA Continuation Protection Act of 2009, would:

- Extend the eligibility period and maximum assistance period for COBRA premium assistance under ARRA
 - The total length of time an unemployed worker could receive COBRA premium assistance would be extended by six months—from nine months to 15 months
 - COBRA premium assistance would be extended to individuals who are involuntarily terminated between January 1, 2010, and June 30, 2010
- Extend maximum COBRA continuation coverage an additional six months, from 18 months to 24 months, for individuals involuntarily terminated between April 1, 2008, and December 31, 2009

No extended COBRA premium assistance or extended COBRA benefits would extend beyond December 31, 2010.

Next Steps

On October 26, the bill was referred to several House of Representatives committees—the Committee on Education and Labor, the Committees on Energy and Commerce, and Ways and Means. It is not known when—or if—the bill will be heard and move forward, but presumably it will take a back seat to Congressional work to reform health care.

Several days later, on October 30, California Assembly Member Michael Villines (R-Clovis) introduced Assembly Joint Resolution (AJR) 28 to urge Congress to pass an extension of the COBRA premium subsidy enacted under ARRA in order to continue to allow terminated workers to maintain their employer-based group health care coverage.

If a COBRA extension is enacted, employers would face additional responsibilities. The current COBRA subsidy is administered as a reimbursement to the employer maintaining the group health plan, either as a

payroll tax credit or as a tax refund if the payroll taxes owed are less than the reimbursement due to the employer. It requires employers to provide specified notices to involuntarily terminated employees. School Services of California, Inc., staff would expect the same administrative procedures to be continued under any extension of the law.

Stay tuned . . .

—*Deborah Harmon*

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