

C.M. SMITH AGENCY, INC.

APRIL 2010 CLIENT ALERT Notice: ERISA NEWS FLASH

APRIL 16th, 2010

Last night, President Obama signed the *Continuing Extension Act of 2010 (CEA)*, which extends the eligibility period for the ARRA COBRA subsidy for an additional two months (to May 31, 2010). Accordingly, individuals who experience an involuntary termination of employment during April and May now may be eligible for the subsidy. The CEA does not change the amount or duration of the subsidy.

Notice of the availability of the subsidy must be provided to qualified beneficiaries who experienced a COBRA qualifying event that was a termination of employment on or after April 1, 2010 (and prior to the CEA's enactment on April 15) if they have not been notified of the subsidy availability. This notice must be provided by June 14, 2010 (within 60 days of the CEA's enactment). In addition, the COBRA election period for such individuals who

have not elected COBRA coverage must be extended to 60 days following notification. Steps will also have to be taken to refund or credit premiums with regard to those new assistance eligible individuals who already started to pay the full COBRA premium.

For more information regarding the CEA extension or the COBRA subsidy in general, contact any member of our COBRA Subsidy Team or refer to our earlier Client Alerts on this subject.

Proskauer >>

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