

Employee Benefits Briefing

NEW STOPGAP EXTENSION OF COBRA SUBSIDIES— *Further Extension Pending*

On April 15, President Obama signed into law the Continuing Extension Act of 2010 (H.R. 4851), which, in addition to extending unemployment benefits, includes a stopgap extension of eligibility for the COBRA subsidies that were originally part of the American Recovery and Reinvestment Act of 2009 (ARRA).¹

Extension of Eligibility Period

The eligibility period for the ARRA COBRA subsidy ended on March 31, 2010. The legislation extends the eligibility period *retroactively from April 1, 2010 through May 31, 2010*. The legislation makes no other changes to the ARRA COBRA subsidies.

If any employees have been involuntarily terminated since April 1 and have received COBRA notices without the ARRA COBRA subsidy information, a supplemental notice containing the ARRA COBRA subsidy information will need to be provided to those affected individuals.

Looking Forward

This stopgap extension is designed both to provide continued coverage under this popular benefit, and to give the House and Senate time to attempt to reconcile larger jobs bills, H.R. 2847, Jobs for Main Street Act of 2010, that passed the U.S. House of Representatives in December 2009 (the House bill) and H.R. 4213, the American Workers, State, and Business Relief Act of 2010, that passed the U.S. Senate in March 2010 (the Senate bill).

Both bills contain further extensions of the ARRA COBRA subsidy. The House bill (which was passed before the three most recent stopgap extensions) would extend the eligibility for the subsidy to employees who are involuntarily terminated on or before June 30, 2010. The Senate bill would extend the eligibility for the subsidy to employees who are involuntarily terminated on or before December 31, 2010. The Senate bill also contains certain pension funding relief provisions which are not contained in the House bill. In connection with signing the current stopgap extension, President Obama urged Congress to extend the COBRA subsidy eligibility through December 31, 2010.

As in the past, we will continue to monitor developments on this legislation and will provide Employee Benefits Briefings as events warrant. In the meantime, if you have any questions regarding this stopgap COBRA subsidy extension, please contact **Philip L. Mowery** (312-609-7642), **Paul F. Russell** (312-609-7740), **Jessica L. Winski** (312-609-7678) or any other employee benefits attorney with whom you have worked if you have any questions.

¹The original ARRA COBRA subsidies were discussed in the Vedder Price Employee Benefits Briefings dated February 17, 2009 www.vedderprice.com/Benefits0209/, March 25, 2009 www.vedderprice.com/Benefits0309/ and April 3, 2009 www.vedderprice.com/Benefits0409/. The extension of the eligibility and coverage periods under the Department of Defense Appropriations Act, 2010 (H.R. 3326) was discussed in the Vedder Price Employee Benefits Briefings dated December 19, 2009 www.vedderprice.com/Benefits1209/, January 15, 2010 www.vedderprice.com/Benefits0110/ and March 3, 2010 www.vedderprice.com/Benefits0310/.

FEDERAL TAX NOTICE: Treasury Regulations require us to inform you that any federal tax advice contained herein is not intended or written to be used, and cannot be used, by any person or entity for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code.

VEDDERPRICE®

222 NORTH LASALLE STREET
CHICAGO, ILLINOIS 60601
312-609-7500 FAX: 312-609-5005

1633 BROADWAY, 47th FLOOR
NEW YORK, NEW YORK 10019
212-407-7700 FAX: 212-407-7799

875 15th STREET NW, SUITE 725
WASHINGTON, D.C. 20005
202-312-3320 FAX: 202-312-3322

www.vedderprice.com

The Employee Benefits Group

Vedder Price has one of the nation's largest employee benefits practices, with ongoing responsibility for the design, administration and legal compliance of pension, profit sharing and welfare benefit plans with aggregate assets of several billion dollars. Our employee benefits lawyers also have been involved in major litigation on behalf of benefit plans and their sponsors. Our clients include large national corporations, smaller professional and business corporations, multiemployer trust funds, investment managers and other plan fiduciaries.

Employee Benefits Group Members

Mark I. Bogart	312-609-7878
Sara Stewart Champion	212-407-7785
Michael G. Cleveland	312-609-7860
Christopher T. Collins	312-609-7706
Megan J. Crowhurst	312-609-7622
Thomas P. Desmond	312-609-7647
John H. Eickemeyer	212-407-7760
Thomas G. Hancuch	312-609-7824
Benjamin A. Hartsock	312-609-7922
Jonathan E. Hyun	312-609-7791
John J. Jacobsen, Jr.	312-609-7680
Michael C. Joyce	312-609-7627
Neal I. Korval	212-407-7780
Philip L. Mowery (Practice Leader)	312-609-7642

Stewart Reifler	212-407-7742
Paul F. Russell	312-609-7740
Robert F. Simon	312-609-7550
Patrick W. Spangler	312-609-7797
Kelly A. Starr	312-609-7768
Lawrence L. Summers	312-609-7750
Jessica L. Winski	312-609-7678
Charles B. Wolf	312-609-7888

About Vedder Price

Vedder Price P.C. is a national, business-oriented law firm with more than 250 attorneys in Chicago, New York and Washington, D.C. The firm combines broad, diversified legal experience with particular strengths in labor and employment law, employee benefits, executive compensation, corporate finance and transactions and commercial litigation.

EMPLOYEE BENEFITS BRIEFING is published by the law firm of Vedder Price P.C. It is intended to keep our clients and other interested parties generally informed of legal developments in employee benefits. It is not a substitute for professional advice. For purposes of the New York State Bar Rules, this bulletin may be considered ATTORNEY ADVERTISING. Prior results do not guarantee a similar outcome.

© 2010 Vedder Price P.C. Reproduction is permissible with credit to Vedder Price P.C.