



DAVID A. PATERSON  
GOVERNOR

STATE OF NEW YORK  
DEPARTMENT OF CIVIL SERVICE  
ALFRED E. SMITH STATE OFFICE BUILDING  
ALBANY, NEW YORK 12239  
www.cs.state.ny.us

NANCY G. GROENWEGEN  
COMMISSIONER

NY 10-06  
PE 10-04  
PA 10-07  
PAEX 10-06  
SEHP 10-02

TO: Health Benefits Administrators  
FROM: Employee Benefits Division  
SUBJECT: One Month Extension to Cobra Subsidy  
DATE: March 10, 2010

### **One-Month Extension to COBRA Subsidy Signed into Law on March 2, 2010**

The Temporary Extension Act of 2010 (TEA) extends eligibility for the 65% subsidy for COBRA premiums for qualifying events that constitute an involuntary termination through the end of **March 31, 2010**.

In addition, TEA expands the scope of the subsidy to include former employees whose COBRA eligibility was caused by a reduction in hours and who subsequently experience an involuntary termination. Under previous Acts of the COBRA subsidy program, these employees were not eligible for the subsidy because their COBRA eligibility was not triggered by an involuntary termination of employment. However, employees now will fall into a new group of "assistance eligible individuals" if they meet *all* the following requirements:

1. They have a COBRA qualifying event due to a reduction in hours between September 1, 2008 and March 31, 2010;
2. That reduction in hours must have been a COBRA qualifying event (i.e., it must have caused a loss of eligibility for regular coverage); and
3. They have an involuntary termination of employment between March 2, 2010 and March 31, 2010.

Although TEA extends and expands COBRA subsidy program eligibility, it does not extend the duration of the subsidy itself beyond the current 15-month period or general COBRA coverage eligibility beyond the customary 18-month continuation period.

Individuals who are eligible for COBRA subsidy assistance because they experienced a reduction in hours (and did not elect, or elected and then stopped, COBRA coverage) followed by an involuntary termination are provided with a new election period if they are subsequently involuntarily terminated. Under this rule, the COBRA continuation period begins as of the loss of coverage due to the reduction in hours. However, individuals are not required to elect COBRA for this period.

For example, an employee has a reduction in hours on October 31, 2009, triggering COBRA eligibility on November 1, 2009. The employee fails to elect COBRA coverage on a timely basis, and is later involuntarily terminated on March 15, 2010. In this example, March 15th is deemed to be a new qualifying event, triggering a new round of COBRA notices and sign-up opportunities. However, the employee's general COBRA eligibility period will have commenced on and date back to November 1, 2009.

If you have any questions you may contact your processor, or the Employee Benefits Division COBRA Unit at (518) 457-5754 or 1-800-833-4344.