

Top 10 Questions About the New COBRA Rules: April 18 Deadline Requires Employers to Take Immediate Action

Legal Alert
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The recently enacted Stimulus Bill added new provisions to the COBRA rules that generally take effect March 2009. Employers need to understand and comply with the new regulations before April 18, 2009.

Quick Overview

Employees who were involuntarily terminated after August 31, 2008 cannot be required to pay more than 35% of their COBRA premium. This reduced premium rate can last up to nine months.

Employers have to up-front the remaining 65% of the COBRA premium but can apply to the IRS for a reimbursement in the form of a payroll tax credit.

Former employees who qualify for the subsidy have to be given a second chance to enroll for COBRA if they did not enroll when they were terminated or they did enroll but later dropped off COBRA for failure to pay their premiums.

Former employees must be given notice of their rights to the COBRA premium subsidy and the second chance enrollment.

The deadline for giving the first notice is April 18, 2009. Failure to meet the deadline will subject employers to fines and penalties.

Need Some Practical Advice on How to Comply?

For practical guidance on how these new COBRA rules apply to your company and what you need to do to comply, [view the Top 10 Questions About the New COBRA Rules](#). [PDF]

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