



**HR Group, Inc.**

### ***COBRA Regulations – What Now?***

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COBRA has been with us for a long time, however, over the past six months, there have been a number of changes to this law. As you know, COBRA allows former employees to continue their medical and dental coverages at the corporate rate rather than on an individual basis. Former employees could continue their coverage for up to 18 months in general, with some other options based on their situation. Employers would be able to charge a 2% administrative fee to cover the costs of administering these COBRA payments.

Now the changes:

- In October of 2009, the Obama Administration, due to the increase in unemployed Americans, changed the law temporarily so that anyone who lost their job, meaning an involuntary separation (not resignation), between September 1 and December 31 of 2009 would only have to pay 35% of the premium and the employer would have to pay the remaining 65% of the premium for a maximum of nine months, then return to the full payment. If you have not done so, you need to notify your former employees on COBRA and refund them the monies paid toward the premium in excess of 35%.
- Later in 2009, Governor Patterson created the “Mini’-COBRA” law which states that all New York employers must now allow their former employees to keep their coverage for 36 months, up from the original 18. If you have not already done so, you are required to contact your former employees and notify them of this extension.
- Then on December 21, 2009, The American Recovery and Reinvestment Act of 2009 (“ARRA”) was enacted that changed the law again. These are the additional changes:
  - The eligibility for the 35%/65% split has been extended through 2/28/10. This means anyone who lost their job involuntarily between September 1, 2009 and February 28, 2010 can have the subsidy.
  - The subsidy itself (35%/65%) has been extended to 15 months from the original 9 months.

- For individuals who stopped paying their premiums after the nine month subsidy can retroactively pay the 35% of the premium and get their coverage back for a total of fifteen months as long as the retroactive pay is sent prior to February 19, 2010 or 30 days after they receive the notice of the extension. If the individual paid the full premium after the 9 month period, the employer must refund the difference for up to the 15 month period.
- Notifying your former employees of their rights under ARRA is required of all employers by February 19, 2010.

It is imperative that you make adjustments to meet these changes and stay vigilant of additional changes as they may occur.

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