

September 1, 2011



Client Bulletin

Keller»Benefit
Services

End of COBRA Premium Subsidy under ARRA

The COBRA subsidy period has ended for COBRA participants who were involuntarily terminated by May 31, 2010. The maximum subsidy period was up to 15 months, or through August 31, 2011 for the last set of eligible participants.

[Click here](#) to view the update provided by the DOL.

The DOL update includes a reference to deferred COBRA coverage. If an employee was involuntarily terminated by May 31, 2010 but COBRA was deferred due to a severance agreement, the subsidy may still be in effect if the 15 month period lasts beyond August 31, 2011. **Please note that the majority of group health insurance contracts do not allow for coverage during a severance period unless it is COBRA.** Employers are able to pay for all or a portion of COBRA coverage as part of a severance package if desired.

Please contact your Keller consultant with any questions.