

An extended subsidy for COBRA health coverage

By Kimberly Lankford

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Q: I lost my job last year and have been receiving the 65 percent subsidy to pay my COBRA health insurance premiums. Is the subsidy going to be extended beyond nine months?

A: Good news for people who lose their jobs: Last month, Congress extended the COBRA subsidy. Last year's economic stimulus plan originally provided a government subsidy to help people who lost their jobs between Sept. 1, 2008, and Dec. 31, 2009, paying 65 percent of their COBRA health insurance premiums for up to nine months. But that nine months ended in November for people who started receiving the subsidy right after the stimulus law was passed in February. People were also concerned that they might not get the subsidy at all if they lost their jobs after Dec. 31.

The law was amended in late December to extend the COBRA subsidy to 15 months. If you were receiving the subsidy, you don't need to do anything else to get the extra coverage. You'll just continue to pay 35 percent of the COBRA premiums, and your former employer will be reimbursed by the government for the remaining 65 percent.

If your nine months of COBRA subsidy expired before the extension was passed, however, you could get some money back. If you paid 100 percent of COBRA premiums in December, for example, the Labor Department recommends that you contact your plan administrator or former employer to request a credit for future coverage or a reimbursement for the overpayment.

And if you had dropped COBRA after the subsidy expired, you'll be given some extra time to pay the missed premiums and retain your coverage. You must pay your 35 percent share of the COBRA premiums by Feb. 17, or 30 days after receiving a notice of the extension from your plan administrator (whichever is later), to keep the coverage. For more information about the COBRA subsidy and your rights, see the Labor Department's Web site (www.dol.gov).

After the 15-month COBRA subsidy expires, you'll have to pay 100 percent of the premiums, plus an administrative charge. COBRA coverage generally lasts 18 months, although it can end earlier if your employer goes bankrupt or discontinues its health insurance plan for current employees. But those rules may change if the health-care reform law is signed. The House bill would extend eligibility beyond 18 months until 2013.