

## Automation Alley Newsletter

March 2009

---

### Immediate Action Needed to Implement Stimulus Act Changes to COBRA Coverage

---

The American Recovery and Reinvestment Act of 2009 (Act), passed by Congress on February 13, 2009, makes significant changes to the COBRA continuation coverage rules. The most publicized change is the federal government subsidy of COBRA continuation coverage premiums for up to 9 months for certain individuals who are qualified beneficiaries due to a covered employee's involuntary termination of employment. In addition, group health plans must offer individuals who are eligible for the subsidy but who do not currently have COBRA coverage a second chance to elect COBRA coverage. Because this subsidy is generally effective March 1, 2009, and notices regarding the second COBRA election must be provided within 60 days after the Act's enactment, employers and group health plan administrators have very little time to understand the requirements for the subsidy and the second COBRA election and modify their administrative procedures accordingly.

The Act also extends COBRA continuation coverage periods for other individuals. Because this extension is effective immediately, group health plan administrators need to act quickly to determine who is eligible for the extension and modify administrative procedures as necessary.

Finally, group health plans must be amended to incorporate both of these changes.

Butzel Long's Employee Benefits Practice Group has prepared a full analysis of the COBRA provisions in the Act to help employers and plan administrators in implementing these changes. To view this analysis on our website, please visit [http://www.butzel.com/pbnew.cfm?ID=317&TYPE\\_ID=1](http://www.butzel.com/pbnew.cfm?ID=317&TYPE_ID=1). For more information about the Act's COBRA provisions, or for questions regarding any aspect of your company's employee welfare benefit plans, contact your regular Butzel Long attorney, a member of the Butzel Long Employee Benefits Practice Group, or the author of this e-news bulletin.

**Antoinette M. Pilzner**  
734 213 3630  
[pilzner@butzel.com](mailto:pilzner@butzel.com)

**Butzel Long Employee Benefits Practice Group**

**Alexander B. Bragdon**

Phone: 248 258 7856

Email: [bragdon@butzel.com](mailto:bragdon@butzel.com)

**Robert G. Buydens**

Phone: 313 225 7013

Email: [buydens@butzel.com](mailto:buydens@butzel.com)

**Roberta Granadier**

Phone: 248 593 3020

Email: [granadier@butzel.com](mailto:granadier@butzel.com)

**Mark W. Jane**

Phone: 734 213 3434

Email: [jane@butzel.com](mailto:jane@butzel.com)

**Lynn McGuire**

Phone: 734 213 3261

Email: [mcguire@butzel.com](mailto:mcguire@butzel.com)

**Antoinette M. Pilzner**

Phone: 734 213 3630

Email: [pilzner@butzel.com](mailto:pilzner@butzel.com)

**Jordan Schreier**

Phone: 734 213 3616

Email: [schreier@butzel.com](mailto:schreier@butzel.com)

**Thomas L. Shaevsky**

Phone: 248 258 7858

Email: [shaevsky@butzel.com](mailto:shaevsky@butzel.com)

**Tara L. Slone**

Phone: 734 213 3421

Email: [slone@butzel.com](mailto:slone@butzel.com)

This news is only intended to highlight some of the important issues. This e-mail has been prepared by Butzel Long for information only and is not legal advice. This information is not intended to create, and receipt of it does not constitute, a client-lawyer relationship. Readers should not act upon this information without seeking professional counsel. This electronic newsletter and the information it contains may be considered attorney advertising in some states.

For previous e-news or to learn more about our law firm and its services, please visit our website at: [www.butzel.com](http://www.butzel.com)

**Butzel Long Offices:**

Ann Arbor  
Bloomfield Hills  
Boca Raton  
Detroit  
Lansing  
New York  
Palm Beach  
Washington D.C.

**Alliance Offices:**

Beijing  
Shanghai  
Mexico City  
Monterrey

**Member:**

Lex Mundi