



A new federal subsidy of health insurance benefits for laid-off employees under the Consolidated Omnibus Budget Reconciliation Act, or COBRA, goes into effect March 1, 2009 that could make health insurance more affordable for many of Rhode Island's laid-off employees.

The stimulus package signed into law this week by President Obama subsidizes 65% of COBRA health insurance premiums for individuals laid off between September 1, 2008 and December 31, 2009. Previously, those former employees had to pay the entire premium, plus a 2% administrative fee. This made COBRA very expensive—and in some cases unaffordable—for most jobless employees. On average, COBRA premiums exceed \$400 to \$500 a month for individuals and more than \$1000 to \$1200 a month for families.

Eligibility for this subsidy extends to former employees and eligible family members with an adjusted gross income of less than \$125,000 (\$250,000 for joint tax filers) who elect COBRA and pay 35 percent of the premium. The subsidy will be available in March and will last for up to nine months, ending earlier if an individual becomes eligible for coverage under another group health plan or Medicare. Employers will receive the premium subsidy as a credit against payroll tax liabilities. Employers must notify their former employees who are eligible for the new subsidy by March 1.

Employees who were laid off are eligible. Those who left voluntarily or retired are still eligible for COBRA, but not the subsidy.

In addition, laid-off employees who did not sign up for COBRA when they lost their jobs will have 60 days to enroll. Those who signed up and have been paying full premiums will not get a rebate, but their payments will drop in March.

Employees in businesses with fewer than 20 employees who are eligible for "Mini Cobra" under Rhode Island (not federal laws) are eligible for the subsidy also.

More details about this subsidy will be posted by the **U.S. Department of Labor** over the next few weeks. To access that information, check [here](#) (Employee Benefits Security Administration—Compliance Assistance) and [here](#) (FAQs About COBRA Continuation Health Coverage) over the next thirty days.

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