



COBRA, Long Island Pulse

As the number of layoffs skyrocket, employers must be mindful of their changing legal obligations regarding terminated employees' rights and benefits. The Consolidated Omnibus Budget Reconciliation Act (COBRA) already allowed terminated workers to continue participating in their employer's health plan for 18 months (in most cases), at the employee's own expense. Although COBRA has traditionally not placed a financial burden on employers, the recent economic stimulus plan known as the American Recovery Reinvestment Act of 2009 (ARRA) now requires employers to pay up to 65% of the terminated employee's premium payments for up to 9 months. Employers may take a payroll tax credit for the subsidies.