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COBRA is Dramatically Impacted by Economic Recovery Act Retroactive Requirements for employees involuntarily terminated after 9/1/2009

(Asheville, NC) — David Smith, the President of The North Carolina Association of Health Underwriters (NCAHU), presented a course to business and human resource professionals in Western North Carolina, reflecting the changes to COBRA law resulting from the recently passed \$787 billion American Recovery and Reinvestment Act. “There are a myriad of potholes for employers,” David said. He went on to warn those employers, subject to COBRA and state continuation, to make certain they are aware of all the financial and notification changes that resulted from this legislation.

“From one point of view, this is very good for the recently terminated employee,” said David Smith. He went on saying, “while they will get 65% of their premium paid for by the employer for 9 months, the employer does not feel the pinch of this since there is an offset against their payroll tax obligations”. “In addition, there are provisions in the law, if not followed properly, that could result in severe penalties”.

“Of most concern is that many small employers, who may have heard a lot about this but, assume that it only applies to employers with 20 or more employees because of COBRA do not know that this subsidy also applies to them”, Smith shared. “Small businesses have huge exposure for noncompliance and we want to help the business owners least likely to hear or be aware of the mandate avoid any regulatory concern in these trying economic times.”

David noted that there is little clear guidance and that employers had many areas of concern to address before moving forward. He cited one such difficulty being those employees who were laid off after September 1, 2008 but did not elect COBRA. There are new notification guidelines and practices that will apply to this class of employee.

David advises those uncertain how the new changes will affect them to consult their health insurance agent in addition to their COBRA and payroll administrators. On the other hand, they may go to www.nahu.org and click on “find an agent”, to find members of our professional association for more help.

The North Carolina Association of Health Underwriters www.ncahu.org is an organization of nearly 1,000 health insurance agents, brokers, consultants, and benefit specialists serving the health, disability, and life insurance needs of businesses and individuals throughout North Carolina. Advocates for the interests of consumers of health care in North Carolina and nationally. For more information, please contact David Block, Media Relations Chair at 828-667-1119.

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