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## Obama administration mulls extending COBRA subsidy

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WASHINGTON—The Obama administration is considering whether to seek an extension of a federal law that subsidizes COBRA health insurance premiums for workers who are involuntarily laid off, a White House spokesman said Monday.

At a briefing, Press Secretary Robert Gibbs said President Barack Obama is looking at whether the COBRA provisions should be extended.

“There are a number of ideas that have been implemented that are coming to a legislative end,” including COBRA benefits, which the administration now is analyzing, Mr. Gibbs said.

An economic stimulus law that went into effect early this year includes a provision in which the federal government pays 65% of the COBRA premium for up to nine months for workers who are involuntarily terminated through the end of this year.

Without an extension, employees who lost their jobs earlier this year soon will lose the federal COBRA subsidy.

The availability of that subsidy resulted in a doubling of the percentage of laid-off employees opting for COBRA, found a Hewitt Associates Inc. survey released in August.

Between March 1, when the subsidy first generally became available, through June 30, an average of 38% of those eligible for the subsidy were enrolled in COBRA, according to a Hewitt analysis of COBRA enrollments among 200 large employers.

By contrast, between Sept. 1, 2008, through February 2009, an average of 19% of involuntarily terminated employees were enrolled in COBRA.

The rise in COBRA enrollment also means higher costs for employers, though it isn't known yet by exactly how much. Due to the high cost of coverage—COBRA premiums often are about \$400 a month for individual coverage and \$1,200 a month for family coverage—those opting for COBRA typically make extensive use of medical services. As a result, it is not uncommon for employers to pay out \$1.50 in claims for every \$1 in COBRA premiums they collect.

With the government picking up 65% of the COBRA premium tab, the COBRA risk pool likely has improved, but benefit experts doubt if premiums collected by employers equal claims.

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