

# New Jobs Bill Adds COBRA Subsidy Extension, Expansion

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WASHINGTON—COBRA health insurance premium subsidies would be extended and expanded under a new jobs bill being put together by Senate Majority Leader Harry Reid, D-Nev.

In its current version, the draft bill would extend the COBRA premium subsidy to involuntarily terminated employees another 10 months, so employees laid off through year-end would be eligible for the 65% subsidy for up to 15 months.

Without an extension, employees laid off after March 1 would not be eligible for the subsidy.

"There are people who are losing their jobs and they need the ability to buy insurance," Sen. Reid said on the Senate floor Wednesday.

Separately, the Senate on Thursday may begin to consider H.R. 1586, which among other things, would extend the subsidy through March 28. That measure is considered a stopgap while federal lawmakers consider a longer extension.

"There is virtually no doubt that a longer extension will follow," said Frank McArdle, a consultant with Hewitt Associates Inc. in Washington.

Sen. Reid's draft bill also would allow employees who first lost group health insurance coverage due to a reduction in hours and then were involuntarily terminated to receive the COBRA premium subsidy, assuming certain conditions were met.

Other provisions in the draft bill would give employers more time to fund their pension plan obligations, something business groups have sought for more than a year. Without such relief, employers will face huge increases in contributions to their plans, which have been battered by low interest rates and the plunge in the equities markets.

It isn't known when Sen. Reid will formally introduce the jobs bill. Previously, the Senate majority leader stripped the COBRA subsidy and other provisions from a prior jobs bill in favor of a more narrowly focused measure, which the Senate passed Wednesday. At the time, Sen. Reid said some of the provisions, like the COBRA subsidy, would be reinserted in a series of bills he would introduce at a later date.

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