

SPECIAL BULLETIN

Congress Passes COBRA Subsidy Extension President Expected to Sign

Other Recent News

Congress just passed H.R. 3326, the *Department of Defense Appropriations Act, 2010*. Section 1010 extends the 65% COBRA premium subsidy as follows:

- extends the subsidy by 6 months.
- extends involuntarily termination period through February 28, 2010.
- provides another six months of subsidized coverage for eligible beneficiaries whose nine-month COBRA premium subsidy has run out.
- provides eligible beneficiaries whose subsidy expired and who didn't pay the full premium the opportunity to receive retroactive coverage. For example, a beneficiary whose nine months of subsidized coverage ran out November 30 and who didn't pay the unsubsidized premium for December could pay his or her 35% share in January and receive COBRA coverage for December.
- requires employers to notify current and future COBRA beneficiaries of the new 15-month premium subsidy.
- employers can offset future COBRA premiums or issue refund checks for beneficiaries who overpaid their COBRA premium for December or January.

President Obama is expected to sign the bill. The Bill allows employers/plans 60 days after the Bill is signed into law to provide Notice of the extended subsidy to employees and others, much like in the original subsidy law. It is expected that the DOL will have additional model notices and forms. We will report on any revised model notices as they become available.

For now, administrators and other plan professionals can read Section 1010, which is very short, that can be accessed by "[clicking here](#)"; the entire Bill can be accessed by "[clicking here](#)."

Other recent news worthy of note is listed below.

Notice Requirements for Pension Plans That Reduce Benefit Accruals

The IRS recently issued new FINAL regulations under Code Section 4980F that update the existing regulations for changes made by the *Pension Protection Act of 2006 (PPA)* with respect to *ERISA* Section 204(h) notices. A Section 204(h) notice is required when a plan is amended to allow a reduction in benefit accruals before the applicable amendment date (204(h) amendment). These new regulations also retain various rules in the 2008 proposed regulations, including:

- A Section 204(h) notice is not required for a defined benefit plan being amended for the applicable interest or mortality assumptions changes under Code Section 417(e)(3), as amended by PPA;
- An amended plan that must provide a Section 204(h) notice along with certain other statutory notices may comply with the Section 204(h) notice requirements by meeting the requirements of the other statutory notice; and
- A multiemployer plan must provide a copy of the Section 204(h) notice to any employer that has an obligation to contribute to the plan.

A copy of the final regulation as published in the *Federal Register* is available by "[clicking here](#)." The regulations are effective November 24, 2009.

IRS Notice 2009-97

The IRS recently released *Notice 2009-97* extending the time for certain PPA amendments. As many industry publications have noted, the news is that the PPA provisions affected do not concern multiemployer plans generally. This extension applies to (1) single-employer defined benefit plans; (2) cash balance plans and (3) defined contribution plans to meet certain diversification requirements with respect to investments in employer securities. The Notice is available at <http://www.irs.gov/pub/irs-drop/n-09-97.pdf>.

RDS User Guide Version 6 Now Available

Version 6 of the RDS User Guide has been released and includes updates on security questions, passwords, and login information. The following chapters have been updated: Chapter 4: Becoming A Plan Sponsor; Chapter 5: Registering As An RDS Secure Website User; Chapter 6: Applying For The RDS Program; Chapter 11: Reassigning Or Terminating RDS Secure Website User Roles; Chapter 12: Managing Registered User Information; Chapter 15: Attest Actuarial Equivalence; Appendix A: Access The RDS Secure Website and Appendix L: Reserved Words List. If you are maintaining a copy of the RDS User Guide, print or save the new version which is available at: http://rds.cms.hhs.gov/news/announcements/user_guide1101.htm.

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The Senate has nearly passed a health care reform Bill, the House already has. We will report on this subject when the Bills are reconciled in conference committee.

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