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NEWS

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Unemployed Illinoisans to Benefit from Extended COBRA Subsidy

***65% reduction in health insurance premiums extended
to up to 15 months for qualified individuals***

CHICAGO – Wednesday, December 23, 2009. The Illinois Department of Insurance today highlighted new federal legislation that will provide critical assistance to laid-off Illinois workers and their families. The legislation will extend the federal subsidy that provides a 65% reduction in health insurance premiums for an additional six months. The subsidy as originally passed lasted for only nine months.

“Although COBRA provides laid-off employees the opportunity to retain their health insurance, the premiums are often too much for a family to afford,” said Michael T. McRaith, Director. “This 65% subsidy enables thousands of Illinois families to keep their health insurance instead of having to decline it in favor of other necessities.”

The Department also reminds insurance companies and employers that they must comply with this new federal law and provide timely, proper notice to eligible individuals. Guidance for [insurance companies, employers](#), and [consumers](#) on the subsidy and its recent extension is available at the Department’s website, www.insurance.illinois.gov, or by calling the Department toll-free at (866) 445-5364.

Background

- Federal and state laws require employer-based health insurance plans to provide the option of “continuation coverage,” commonly referred to as COBRA and mini-COBRA, respectively, for employees who lose group health insurance (usually due to a termination of employment or a reduction in hours). The former employees are typically required to pay the full premium cost, including any portion previously contributed by the employer.
- On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act (ARRA), commonly called the federal Stimulus Plan. As originally passed, ARRA provided a subsidy for up to 9 months that may reduce by 65% the cost of continuation coverage for workers who lose their jobs between September 1, 2008, and December 31, 2009.

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What does the new law do?

- On December 19, 2009, President Obama signed a law that amends ARRA in order to continue the subsidy for workers who lose their jobs between January 1, 2010, and February 28, 2010.
- The new law also extends the subsidy for up to 15 months from 9 and provides for the refund of full premiums paid before the extension. Workers also have the option of retroactively paying the reduced premium in order to maintain COBRA coverage if they ceased timely paying premiums due to the loss of premium assistance.

More information

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace. The Department assists consumers with all insurance complaints, including health, auto, life, and homeowners. Consumers in need of information or assistance should visit the Department's Web site at www.insurance.illinois.gov or call our toll-free hotline at (866) 445-5364.

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