

News You Can Use

Tools for Corporate Executives

This past week, Democrats in the House of Representatives opted not to extend a subsidy created as part of the \$787 billion stimulus program passed in 2009 that reduced the cost of COBRA health insurance premiums. Specifically, those who had lost their jobs between September 1, 2008 and May 31, 2010 were eligible to have 65% of their monthly premium's cost paid for by the Federal government if they continued their employer-sponsored insurance under COBRA.

This was initially a program set to last only nine months; however, it was extended as a result of the country's lagging economic growth. It had turned out to be a popular program in large part because the cost of monthly insurance premiums is 84% of a person's unemployment check, on average. In New Jersey alone, nearly 1/3 of all eligible jobless resident participated in the program.

However, the cost of the program grew controversial as questions about the growing Federal deficit have emerged in recent months. The COBRA subsidy program would have cost an estimated \$7.8 billion were it to be extended through the end of the year.

For further information on this, or any other financial management issue you may be facing, please do not hesitate to contact the Urish Popeck team.