

## **Highlighting The American Recovery and Reinvestment Act of 2009**

The law became effective on the date of enactment, February 17, 2009.

The recently passed American Recovery and Reinvestment Act of 2009 which includes a new U.S. Government subsidy to assist certain unemployed individuals and their families. Eligible individuals pay only 35% of their premiums, and the remaining 65% is handled one of two ways depending on group size.

- State Continuation – Tax credit taken by the coverage provider.
- COBRA - The employer through employer subsidy offset by a tax credit against the employer's wage withholdings and FICA payroll taxes.

The Act imposes a number of requirements on employers, plan administrators, and insurers and any state-mandated continuation coverage.

For purposes of this newsletter, we are highlighting only certain areas concerning Employers of less than 20 (State Continuation) and Employers of 20 plus (COBRA). This is an abbreviated view of the Act and further communication will be coming from the carriers and government as we move further into the month of March.