



STATE OF NEW YORK | EXECUTIVE CHAMBER
DAVID A. PATERSON | GOVERNOR

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Contact: Errol Cockfield | Errol.Cockfield@chamber.state.ny.us | 212.681.4640 | 518.474.8418

Contact: David Neustadt | dneustadt@ins.state.ny.us | 212.480.5262

GOVERNOR PATERSON, MAJORITY LEADER SMITH AND SPEAKER SILVER ENACT LEGISLATION TO ENSURE CONTINUED ACCESS TO HEALTH INSURANCE FOR UNEMPLOYED NEW YORKERS

Governor's Program Bill Passed by Both Houses of Legislature; Signed Today by Governor

Bill Allows New Yorkers to Benefit from Federal Economic Recovery Funds for COBRA Health Insurance Subsidy

Governor David A. Paterson today signed a bill to ensure that New Yorkers who lost their jobs at small businesses will qualify for federal benefits that pay up to 65 percent of Consolidated Omnibus Budget Reconciliation Act (COBRA) health insurance premiums. The Governor submitted his Program Bill last week because a change in State law was needed to allow eligible workers from small businesses to access the subsidized coverage. The subsidy, part of the American Recovery and Reinvestment Act (ARRA), is available to individuals who were involuntarily terminated on or after September 1, 2008.

"I want to thank Senate Majority Leader Malcolm Smith, Assembly Speaker Sheldon Silver and my colleagues in both houses for working together to quickly pass this legislation," said Governor Paterson. "Our Congressional delegation fought hard for these funds, and now they will be accessible to all eligible New Yorkers. We must continue to look for new ways to improve and expand health care coverage for all New Yorkers."

Senate Majority Leader Malcolm A. Smith said: "The costs of healthcare for those without coverage, particularly those with serious illness, can be devastating to patients, the healthcare industry and taxpayers. Instead, eligible participants can access primary care early on in the illness, instead of emergency care when their health has already deteriorated, saving the state and the unemployed a great deal of money. I applaud Governor Paterson, Speaker Silver, Senator Breslin and Assemblyman Morelle, for their vision and commitment to affordable healthcare, particularly for those already dealing with the stresses of job loss."

Assembly Speaker Sheldon Silver said: “Small businesses account for a large percentage of jobs in New York. With the economy taking the hit it has in the past year, many working families have lost access to health insurance. This bill will help thousands of New Yorkers impacted by the recession maintain crucial health coverage. President Obama and the New York congressional delegation understand the importance of providing health care during these tough times. We appreciate their hard work and the leadership of Governor Paterson on behalf of working people in our State.”

Superintendent of Insurance Eric Dinallo said: “The Governor’s bill will give employees of small businesses the same access to federal economic recovery funds as employees of big businesses. There is no downside. We must ensure that all New Yorkers who lose their jobs have the ability to access the federal subsidy for health insurance.”

Senator Neil Breslin said: “This is a second chance at affordable healthcare coverage for unemployed New Yorkers who lost their jobs between September of last year and February 17th of this year, when the federal legislation was signed into law. Before February 17, many people did not apply for COBRA benefits simply because they could not afford the rates at that time. This legislation is a concrete benefit that makes coverage much more affordable to many of them.”

Assemblyman Joseph D. Morelle said: “New Yorkers, as are all Americans, are struggling with great uncertainty in terms of their jobs and financial futures. One of the great dangers inherent in unemployment is the loss of health benefits, which can expose working families to ruinous costs in the event of a chronic or catastrophic illness. This bill goes along way toward providing peace of mind for thousands who might not otherwise have had access to these subsidies. I'm proud to have sponsored the bill in the Assembly and grateful to the governor for his support.”

COBRA gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plans for limited periods of time under certain circumstances. Under federal law, COBRA generally applies to employers with 20 or more employees, and workers may be charged up to 102 percent of the full health insurance premium. Smaller employers – those who have fewer than 20 employees – are required to offer the same continuation coverage under New York State’s “mini-COBRA” law.

The ARRA that President Barack Obama signed into law on February 17, 2009, makes a subsidy available for up to 65 percent of the cost of COBRA health insurance premiums for employees involuntarily terminated from their jobs between September 1, 2008, and December 31, 2009. The subsidy is available for up to nine months and is administered through a payroll tax credit, meaning that most individuals with COBRA coverage will be responsible for no more than 35 percent of premiums. Income limitations apply, with subsidies phasing out for those with annual incomes greater than \$125,000 (for individual taxpayers) or \$250,000 (for those filing a joint tax return).

For individuals who lost their jobs after September 1, 2008, and before ARRA was enacted and who did not initially elect to enroll in COBRA, the federal economic recovery package provides for a “special election period” during which they may enroll in COBRA to take advantage of the new subsidy. However, while ARRA extended the 65 percent premium subsidy to state continuation plans, the Act did not extend a “special election period” to those covered under State “mini-COBRA” continuation laws. The bill signed by Governor Paterson today amends State law to create such an election period, allowing eligible New Yorkers a second chance to choose mini-COBRA coverage in order to take full advantage of the federal subsidy.

Employers or their health plans must notify eligible individuals of the availability of the subsidy within 60 days of ARRA’s enactment, and individuals must elect coverage within 60 days thereafter. Because of these deadlines, swift enactment of a change in State law was critical. In addition to affording a second chance for the election of coverage under the State’s “mini-COBRA” law, the new legislation will provide that the period beginning on the date that an individual was involuntarily terminated and ending on the date when COBRA coverage starts will be disregarded for the purpose of determining whether a pre-existing condition exclusion period applies.

New Yorkers can contact the Insurance Department for more information about the COBRA health insurance premium subsidy by calling (800) 342-3736 or by accessing the Department’s website at www.ins.state.ny.us. The U.S. Department of Labor has information available regarding the federal subsidy at www.dol.gov/ebsa/COBRA.html.

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518.474.8418*