



NEW YORK STATE SENATOR

Liz Krueger

Senator Krueger Wants Every New Yorker to Know That Government Will Pay 65% of Cobra Costs Providing Affordable Access to Healthcare for Those Recently Unemployed as a Result of the Economic Downturn

LIZ KRUEGER March 19, 2009

(New York, NY) – This week the State Legislature passed a Governor's program bill that will help thousands of New Yorkers who have recently lost their jobs due to the national economic downturn. The legislation provides a 65% discount on continuing COBRA employer health insurance coverage for recently unemployed New Yorkers. The funding is provided entirely through federal stimulus funding, with no cost to the employers or the State.

"Too often individuals and families are left with no choice but to go without health insurance when they lose their jobs due to the exorbitant cost of COBRA coverage," said Senator Krueger. "Hopefully this legislation will relieve families from having to make a choice between continuing their health benefits or having enough money to pay for groceries and rent."

About 420,000 New York households are currently struggling with unemployment, up by 175,000 from just last year. If their employer provided health coverage when they were employed, they are eligible for COBRA health coverage if they pay the premiums. But this

option is too often out of reach because of the cost. The new law provides an immediate 65% discount on this cost. Family coverage that might have cost an unaffordable \$1,000 per month will now cost just \$350 per month, putting healthcare within the reach of thousands more struggling families.

The bill also expands availability to more businesses and workers. The protections of the Federal COBRA program apply only to those companies with more than 20 employees. With this legislation, New York will extend the same reduced-rate available under the federal COBRA program to laid-off employees of smaller companies with employees of 19 or fewer.

This legislation expands those protections and eligibility to employees of smaller companies in New York State. Income limitations apply, with subsidies phasing out for those with annual incomes over \$125,000 for single earners or \$250,000 for married couples.

The subsidy is administered through a payroll tax credit and has no cost to the state or insurance companies because it accesses federal money granted to the State of New York through the stimulus package for healthcare needs.

Eligible participants must be notified by their group administrator within 60 days of when ARRA was enacted, and they must elect coverage within 60 days of receiving notice.

"This bill is critical for people in my district and throughout New York State as we try to get ourselves out of this economic crisis," said Senator Krueger. "Between the federal government provisions for COBRA benefits and the expansions provided for in this bill, tens of thousands of New Yorkers will now be able to maintain their health coverage."

