

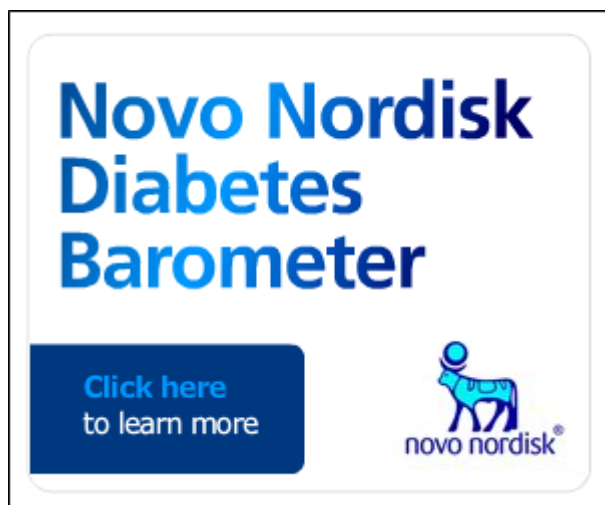


Fate of COBRA subsidy extension in limbo

By Mike Lillis - 06/20/10 12:11 PM ET

Though scaled back to address budget concerns, legislation extending health insurance benefits for the unemployed remains in jeopardy.

Not only did centrist House Democrats reject the cost to extend COBRA subsidies in May, but the Congressional Budget Office last week scored the Senate's trimmed down version at \$4.1 billion -- far higher than supporters had expected.



The estimate leaves Sens. Bob Casey Jr. (D-Pa.) and Sherrod Brown (D-Ohio), the bill's sponsors, with the difficult task of finding additional offsets in the face of budget hawks -- both Democratic and Republican -- with little appetite for more deficit spending.

Meanwhile, the impasse has kept tens of thousands of unemployed folks from getting help paying their insurance premiums this month -- a situation leaving jobless advocates to question Congress' priorities.

"The mantra of many is about cutting spending," said Christine Owens, executive director of the National Employment Law Project, an advocacy group. "Well, they have cut spending -- the spending of the unemployed."

The comments arrive as the nation still faces a crisis of unemployment. While the economy created more than 400,000 jobs last month, only 41,000 were in the private sector -- far below the number needed even to keep up with new job-seekers entering the workforce. The Bureau of Labor Statistics estimates that 15 million people were unemployed in May.

The COBRA subsidy program was launched in February 2009 as part of the Democrats' economic stimulus bill. Under the program, workers laid off by their employers pay just 35 percent of their monthly COBRA premiums, with the government reimbursing the insurance provider for the remaining 65 percent with a tax credit.

The original law allowed a maximum of nine months of benefits, though Congress expanded that window to 15 months last November. More than 2 million households are estimated to have participated.

No longer.

The deadline for new enrollment arrived June 1. NELP estimates that the deadline will prevent 144,000 families from receiving benefits each month.

The Democrats' initial proposal -- contained in a larger tax extenders bill -- would have lengthened the eligibility window through November, offering the same 15 months of benefits to those enrolling before then. House Democrats, however, balked at the \$8 billion pricetag, leading party leaders to pull the provision from their version of the tax bill.

Aiming to prevent a similar scenario in the Senate, Casey and Brown on Thursday scaled back their proposal, keeping the Nov. 30 deadline, but cutting the benefit window down to six months.

The lawmakers also offered an offset, proposing to eliminate the advance earned income tax credit, which allows low-income taxpayers to receive an early rebate. The provision would save an estimated \$1.5 billion, leaving \$2.6 billion in deficit spending.

Senate leaders on Friday reached an agreement on another provision of the tax extenders bill: the Medicare doc fix. Democratic leaders were quick to say that that victory would lend momentum to passage of the larger tax extenders bill, to which Casey and Brown hope to attach their COBRA amendment.

"It's a good omen," said Senate Finance Committee Chairman Max Baucus (D-Mont.).

Others on Capitol Hill, however, worried that, by removing one of the most pressing -- and most heavily lobbied -- provisions of the extenders bill, the Democrats now might have a tougher time passing it.

Indeed, a Senate Democratic leadership aide said Friday that a lack of support for the extenders bill would likely force party leaders to consider something else this week while they try to hammer out a deal with Republicans.

Another Democratic aide supporting the COBRA extension was even more terse about the effect of the doc fix passing separately. "That'll probably make it even more difficult to get everything else done," the aide said.

"We need all the help we can get."

Source:

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