Benefits**Buzz**

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DID YOU KNOW

Forty-two percent of workers in the United States would be willing to take a pay cut in exchange for more flexibility at work, according to a recent survey from Mom Corps. Other findings include:

- Workers would be willing to give up an average of 6 percent of their salary.
- About two-thirds of workers cited flexibility as one of the most important factors in a job.
- Over three-fourths of working men and women would stay with a company longer if it offered flexible work options.

COBRA Premium Subsidy Expires, But May Continue for Some

The COBRA premium subsidy program expired on Aug. 31, 2011, but some employees will continue to receive subsidies, based on guidance issued by the Labor Department.

The program was part of an economic stimulus bill in 2009, and was extended by Congress several times. For employees who were involuntarily terminated, it provided a federal subsidy for 65 percent of the COBRA premium for up to 15 months.

The last extension of the program applied to employees who were involuntarily terminated on or before May 31, 2010. Those individuals' 15 months of subsidies expired Aug. 31, 2011.

Certain circumstances will permit some individuals to continue receiving the subsidy, such as those who started COBRA coverage at a later date due to the terms of a severance agreement, the use of banked hours or other similar circumstance.

For instance, if an employee was terminated on May 31, 2010, but had a severance agreement continuing group health coverage for six months, then COBRA coverage would not have started until Dec. 1, 2010. That means the individual could continue receiving the subsidy until Feb. 29, 2012 (unless he or she becomes eligible for another group health plan or Medicare).

Employers should be aware of this potential continuation for COBRA recipients. In addition, plan administrators should confirm that they have gone back to using the pre-subsidy versions of the COBRA notices. Links to DOL model notices can be found at www.dol.gov/COBRA.

IRS to Propose Guidance on "Pay or Play" Requirements

The IRS announced that it will develop new rules to make it easier for employers to determine if their health care plans are "affordable" and exempt from a stiff financial penalty mandated by the health care reform law.

Under the law, starting in 2014, large employers would have to pay a penalty if any of their full-time employees receive a premium tax credit or cost-sharing reduction through a health insurance exchange AND the company either does not offer minimum essential coverage or the coverage is unaffordable.

The IRS plans to develop a safe harbor in which coverage would be considered affordable as long as the premium contribution for single coverage does not exceed 9.5 percent of an employee's W-2 wages. The goal of this safe harbor is to give employers more certainty on whether their plans will pass the affordability test.

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