



From the National Employment Law Project

For Immediate Release: February 10, 2009

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Congress Must Include Key Provisions for Unemployed in Final Recovery Package: Medicaid, COBRA Subsidies & Unemployment Insurance

Washington, DC – Following the Senate’s approval of an \$838 billion recovery package today, the National Employment Law Project (NELP) urged Congress to ensure that key provisions for the unemployed are included in the American Recovery and Reinvestment Act as the House and Senate prepare to submit a final version to President Obama. Highlighting the immediate need to boost the economy and assist the staggering number of unemployed Americans, NELP advocates cautioned that if the recovery bill is to truly help jobless workers, the final legislation must include Medicaid for the unemployed, a COBRA healthcare subsidy of at least 65%, and an extension, increase and modernization of unemployment insurance.

“Washington moved one step closer today to finally helping the 11.6 million Americans who are unemployed. However, the Senate and House bills are like night and day for the millions of unemployed workers who can’t afford health care. Before Congress sends the American Recovery and Reinvestment Act to the president, it must be sure to include essential provisions for the unemployed, like Medicaid coverage, meaningful COBRA subsidies, a tax suspension on initial unemployment benefits, and an increase and extension of jobless benefits. This bill will only live up to its name if it truly targets workers who are falling through the safety net,” said **Christine Owens, Executive Director of the National Employment Law Project.**

The National Employment Law Project issued the following checklist of key provisions for the unemployed that should be included in the final version of the American Recovery and Reinvestment Act:

- **Provide Medicaid for the unemployed.** The House recovery package provides health care to large numbers of unemployed workers laid off in this recession who cannot access subsidized COBRA – either because they do not have a COBRA option or they cannot afford the premium – and who meet certain other conditions detailed on this [NELP fact sheet](#). The House measure, which the Senate did not adopt but should be included in the final package, gives the states the option to provide Medicaid to these families, fully paid for by the federal government at a cost of \$10.5 billion, until January 2011
- **Provide a meaningful COBRA subsidy.** The Senate approved a 50% COBRA subsidy today, greatly reduced from the 65% rate approved by the House. The final ARRA must not reduce the COBRA subsidy any lower than the House version if it is to help the jobless attain health care. Even these subsidies will require most workers to pay far more out of pocket for their health care than they paid when they were still working, when their employers covered most of the cost of the insurance. According to a recent report by Families USA, COBRA payments for family coverage would absorb more than three-fourths of the average unemployment benefits received by workers in more than 40 states. For more on how COBRA works and how jobless workers could benefit from it in the recovery package, view this [NELP fact sheet](#).
- **Suspend taxation on unemployment benefits.** The Senate bill includes a provision that suspends taxation on the first \$2400 in unemployment benefits. The House bill does not include a comparable provision. Given the income loss and hardship unemployed workers experience,

suspending taxation of benefits is an important step in helping to cement families' economic security. The final version of the ARRA should adopt the Senate's provision, suspending taxation on the first \$2400 of benefits.

- **Extend Unemployment Insurance benefits.** 17.9 million unemployed Americans will fail to receive a \$25/week increase in their UI benefits if the increase provision is not included in the final recovery act, and unless Congress continues the emergency federal benefits program in the ARRA, 3.1 million jobless Americans are at risk of not receiving extended benefits this year. To see state detail of the ARRA's impact on jobless benefits, view this [NELP fact sheet](#). It's important to note that neither the House nor Senate bill would provide additional benefits to workers who have already received an extension. Instead, the bills would rather make sure that extended benefits go to workers who have recently been laid off and will run out of regular state benefits later in the year.
- **Expand & modernize unemployment benefits.** Only 37% of unemployed workers currently receive unemployment benefits – the rest fall through the cracks for a variety of reasons, including arcane eligibility requirements that leave out many part-time, low-wage and women workers. If Congress includes the Unemployment Insurance Modernization Act provision in the final version of ARRA, it will provide up to \$7 billion to states to cover more than 500,000 workers not covered under the current system, and set aside \$500 million to help every state address the administrative demands of fielding claims from the growing number of workers applying for benefits. If Congress fails to approve a modernization of the system, states will have less money they can draw on to boost their economies and help the unemployed. For more info on UI modernization, view this [NELP fact sheet](#).

"The House took a major step forward to protect unemployed workers from the loss of health care and further economic hardship when it enacted new health insurance protections as part of its economic recovery package, but the Senate rolled back these vital protections when it failed to include similar key provisions. This checklist should be the yardstick by which Congress measures its support to the unemployed American as the recovery package goes to conference and before the president," said Owens.

The Senate vote came on the heels of Friday's [staggering employment report](#), in which the Department of Labor announced another 500,000 workers were added to the ranks of the unemployed last month. NELP's analysis of the DOL report showed that experienced and educated workers are increasingly joining the ranks of the unemployed, and that older Americans' share of the jobless ranks is now twice as large as it was in the serious 1980's recession.

NELP FACT SHEETS:

COBRA & Medicaid: <http://www.nelp.org/page/-/UI/medicaid.fact.sheet.feb.09.pdf>

UI Extension and Increase: <http://www.nelp.org/page/-/UI/RecoveryPlanEstimates.pdf>

UI Modernization: http://nelp.3cdn.net/be99b1d64d4a1110dc_cgm6b9tpk.pdf

January 2009 DOL Employment Report analysis: <http://www.nelp.org/page/-/UI/January2009StatementJobsFINAL.pdf>