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Compensation & Benefits

New Law Provides Employees on Military Leave with Additional Benefit Rights

The Veterans' Benefits Improvement Act of 2004 ("VBIA"), which was enacted December 10, 2004, improves and extends housing, education and other benefits for military veterans. The VBIA includes provisions that add to employers' obligations with respect to employees on military leave under the Uniform Services Employment and Reemployment Rights Act ("USERRA").

Under the VBIA, all employers offering health care coverage to employees are required to: (1) increase the maximum period of employer-sponsored health coverage for employees covered by USERRA from 18 months to 24 months, and (2) provide a notice of benefits, rights and obligations under USERRA to employees covered by USERRA by March 10, 2005. These requirements are explained in greater detail below.

TWO-YEAR MAXIMUM BENEFIT PERIOD

Prior to the enactment of the VBIA, USERRA required employers to provide certain employees taking military leave the option to elect 18 months of health care continuation coverage. VBIA extends the period of continuation coverage that must be offered to 24 months.

The 24-month continuation coverage requirement became effective on the date of enactment of the VBIA – December 10, 2004 – and must be offered to employees who are eligible to elect continuation coverage under USERRA on or after December 10, 2004. Accordingly, employers should immediately revise their policies, procedures and communications to reflect the new 24-month continuation period for health coverage.

NOTICE OF RIGHTS

Effective March 10, 2005, employers must provide employees with a notice of the rights, benefits and obligations of the employee and the employer under USERRA. The Secretary of Labor will provide the notice required under the VBIA by March 10, 2005. The notice may be provided to employees by posting it in those workplaces where the employer customarily posts notices for employees.

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