

April 1, 2009

IRS Weighs In On "Involuntary Termination" and Other COBRA Subsidy Issues

Late last night the Internal Revenue Service released Notice 2009-27 (<http://www.irs.gov/pub/irs-drop/n-09-27.pdf>) providing much needed guidance relating to premium assistance for COBRA continuation coverage under the American Recovery and Reinvestment Act of 2009 (ARRA). The ARRA COBRA provision authorizes a 65 percent federal subsidy for continuing health care coverage for employees who were involuntarily terminated between September 1, 2008 and December 31, 2009.

The guidance defines what constitutes an "involuntary termination" for purposes of eligibility for the COBRA subsidy. It also addresses the following additional topics in question and answer format:

- assistance eligible individual,
- calculation of premium reduction,
- coverage eligible for premium reduction,
- beginning of premium reduction period,
- end of premium reduction period,
- recapture of premium assistance,
- extended election period,
- payments to insurers under federal COBRA, and
- comparable state continuation coverage.

For additional information about the Notice, the COBRA premium subsidy or any other benefits matter please contact a member of the Benefits Law Group.



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