



BENEFIT NEWS BRIEFS

IRS Posts 19 New Q&As on the COBRA Premium Subsidy

On June 4, 2009, the Internal Revenue Service (IRS) posted 19 new Questions and Answers (Q&As) about the COBRA premium subsidy provisions under the American Recovery and Reinvestment Act (ARRA) on its COBRA premium webpage at: <http://www.irs.gov/newsroom/article/0,,id=204708,00.html>. The IRS added Q&As to the following categories: (1) administration and eligibility; (2) form preparation and (3) reporting and documentation.

The Research Department has prepared a special document with only the 19 additional Q&As that is available by "[clicking here](#)." We will update our comprehensive list of IRS Q&As with the new Q&As and make it available soon. See [Special Bulletin 2009-26](#) for information on prior IRS Q&As.

There was just one Q&A aimed specifically at multiemployer plans. It is found in the "administration and eligibility" (AE) section of the Q&As and is set out below:

AE-32

Q. If an employee's eligibility for health coverage under a multiemployer plan is based on a minimum number of hours of covered employment, can the employee become an assistance-eligible individual if the employee's involuntary termination by an employer contributing to the plan results in the employee's failing to satisfy the minimum hours requirement and losing coverage? If so, how does subsequent employment with one or more employers contributing to the plan affect the employee's eligibility for the premium subsidy?

A. If an employee covered by a multiemployer health plan is involuntarily terminated by an employer contributing to the plan, resulting in a reduction in the employee's total number of hours of covered employment, which causes the employee to lose coverage and become eligible for COBRA, the employee can be an assistance-eligible individual (and eligible for the COBRA premium reduction) if the involuntary termination and COBRA eligibility occur during the period from September 1, 2008 through December 31, 2009, and the individual elects COBRA coverage. This is the case even if the loss of coverage and eligibility for COBRA do

not occur immediately after the involuntary termination, for example, because the employee has “banked” hours at the time of the involuntary termination. In addition, the employee does not become ineligible for the premium subsidy merely because of subsequent employment with one or more employers contributing to the plan, provided that the employee continues COBRA coverage and does not otherwise become disqualified. However, if the employee works enough hours to become eligible again for active coverage, eligibility for the premium subsidy ends when active coverage under the plan begins and COBRA coverage ends. (06/04/09)

The other Q&As contain helpful information about the COBRA premium subsidy relevant to all group health plans. Individuals involved with administering the COBRA premium subsidy will want to review all 19 Q&As.

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