

## **Guidance Provided on Premium Assistance for COBRA Continuation Coverage**

The IRS provided additional guidance on the application of the American Rescue Plan Act of 2021 (ARP) (P.L. 117-2) relating to temporary premium assistance for Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) continuation coverage. This notice supplements Notice 2021-31, I.R.B. 2021-23, and addresses additional issues.

### **Eligibility**

The IRS noted that if the original qualifying event was a reduction in hours or an involuntary termination of employment, COBRA premium assistance is available to an individual entitled to elect COBRA continuation coverage for an extended period due to a disability determination, second qualifying event, or an extension under State mini-COBRA. This should fall under the extended period of coverage between April 1, 2021 and September 30, 2021, even if the taxpayer had not notified the plan or insurer of the intent to elect extended COBRA continuation coverage before the start of that period.

Next, the eligibility ends when the taxpayer becomes eligible for coverage under any other disqualifying group health plan or Medicare. This includes the other coverage not including all of the benefits provided by the previously elected COBRA continuation coverage.

Finally, if a plan (other than a multiemployer plan) subject to Federal COBRA covers employees of two or more members of a controlled group, each common law employer that is a member of the controlled group is the premium payee entitled to claim the COBRA premium assistance credit with respect to its employees or former employees.