



Next Generation Healthcare™

20 Armory Lane  
Milford, CT 06460-3361  
Phone: (203) 876-1660  
Toll Free: (800) 447-6689  
Fax: (203) 877-9557

### **IRS Issues New Guidance Related to COBRA Premium Subsidy**

The American Recovery and Reinvestment Act of 2009 (ARRA), enacted on February 17, 2009, provides a federal subsidy for COBRA premiums for certain employees and covered family members who lost, or will lose coverage due to involuntary termination of employment from September 1, 2008 through December 31, 2009.

To assist employers with compliance, the IRS recently issued Notice 2009-27, which contains 58 questions and answers that address a number of issues related to the COBRA premium subsidy, including:

- How the COBRA subsidy applies to spouses and dependent children;
- What constitutes an "involuntary termination" for purposes of the COBRA subsidy;
- The types of coverage for which the COBRA subsidy is available;
- Circumstances that may affect the eligibility for the COBRA subsidy; and
- How the 65% premium reduction is to be calculated.

We expect additional guidance from both the DOL and IRS in the future and will continue to offer updates on ARRA.

IRS Notice 2009-27 is available at the following web-address:

<http://www.irs.gov/pub/irs-drop/n-09-27.pdf>