GROOM LAW GROUP

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**IRS Issues New Q&As 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. Today, the IRS issued Notice 2009-27, which contains 58 questions and answers that address a number of issues related to the COBRA premium subsidy, including:

- What constitutes an "involuntary termination" for purposes of the COBRA subsidy;
- Circumstances under which timing of an involuntary termination or loss of health coverage will affect eligibility for the COBRA subsidy;
- How the 65% premium reduction is to be calculated;
- How the COBRA subsidy applies to spouses and dependent children of employees;
- The types of coverage for which the COBRA subsidy is available; and
- What constitutes comparable state continuation coverage for purposes of determining eligibility for the COBRA subsidy.

IRS Notice 2009-27 is available at: http://www.irs.gov/pub/irs-drop/n-09-27.pdf. We understand from a DOL official that the DOL also will be issuing new guidance on the COBRA subsidy in the next day or two.

We will continue to provide you updates on developments. In the meantime, if you have any questions, please contact your regular Groom attorney or any of the Health and Welfare Practice Group attorneys listed below:


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