

IRS News Release

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COBRA Subsidy Eligibility Period Extended Through February; 15-Months Subsidy Now Available to Those Who Qualify

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WASHINGTON — Workers who lose their jobs during January and February may qualify for a 65-percent subsidy on their COBRA health insurance premiums, and these newly-eligible individuals, along with those already receiving the subsidy, can now receive it for up to 15 months, according to the Internal Revenue Service.

Created by the American Recovery and Reinvestment Act of 2009, the COBRA subsidy eligibility period was originally scheduled to expire at the end of 2009, and eligible individuals only qualified for the subsidy for nine months. But the Department of Defense Appropriations Act, 2010, enacted on Dec. 19, extended the eligibility period and the maximum duration of COBRA premium assistance.

As a result, workers who are involuntarily terminated from employment between Sept. 1, 2008, and Feb. 28, 2010, may be eligible for a 65-percent subsidy of their COBRA premiums for a period of up to 15 months. Involuntarily terminated employees who meet certain other requirements, and certain family members of those individuals, are referred to as “assistance-eligible individuals.”

Employers must provide COBRA coverage to assistance-eligible individuals who pay 35 percent of the COBRA premium. Employers are reimbursed for the other 65 percent by claiming a credit for the subsidy on their payroll tax returns: [Form 941](#), Employers QUARTERLY Federal Tax Return, [Form 944](#), Employer’s ANNUAL Federal Tax Return, or [Form 943](#), Employer’s Annual Federal Tax Return for Agricultural Employees. Employers must maintain supporting documentation for the claimed credit.

The administrator of a group health plan or other entity must notify certain assistance-eligible individuals of the extension by Feb. 17, 2010. For assistance-eligible individuals whose nine months of subsidy had already ended, the new law also provides an extended period for the retroactive payment of their 35 percent share during a transition period.

There is much more information about the COBRA subsidy, including questions and answers for employers, and for employees or former employees, on the [COBRA pages of IRS.gov](#).