



COBRA Health Insurance Continuation Premium Subsidy

The American Recovery and Reinvestment Act of 2009 establishes an employer-provided subsidy for employees who involuntarily lose their jobs. The IRS issued a [news release](#) Feb. 26 outlining information for employers. Individuals who qualify for the COBRA subsidy premium should see below for more information.

Information for Employers

Do you have questions on how to administer the COBRA continuation premium subsidy to former employees? These [questions and answers](#) may help.

Employers should use the updated [Form 941](#), Employer's Quarterly Federal Tax Return, to report their COBRA premium assistance payments.

The [Form 941 Instructions](#) explain how to complete lines 12a and 12b, which address the COBRA premium assistance payments.

Additional information may be found in [Notice 2009-27](#), Premium Assistance for COBRA Benefits.

Information for Employees or Former Employees

Workers who have lost their jobs may qualify for a 65 percent subsidy for COBRA continuation premiums for themselves and their families for up to nine months.

Eligible workers will have to pay 35 percent of the premium to their former employers.

To qualify, a worker must have been involuntarily separated between Sept. 1, 2008, and Dec. 31, 2009. Workers who lost their jobs between Sept. 1, 2008, and enactment, but failed to initially elect COBRA because it was unaffordable, get an additional 60 days to elect COBRA and receive the subsidy.

This subsidy phases out for individuals whose modified adjusted gross income exceeds \$125,000, or \$250,000 for those filing joint returns. Taxpayers with modified adjusted gross income exceeding \$145,000, or \$290,000 for those filing joint returns, do not qualify for the subsidy.

More information on the COBRA subsidy is available from [the U.S. Department of Labor](#).

Return to [IRS Information on the American Recovery and Reinvestment Act of 2009](#).

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