



IRS Issues Guidance on American Rescue Plan's COBRA Subsidy

On May 18, 2021, the IRS issued [Notice 2021-31](#), a guidance document on the American Rescue Plan Act (ARPA) subsidy for continuation health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The Notice discusses the background of the subsidy and includes 86 questions and answers (Q&As) about its application.

The COBRA Subsidy

The ARPA subsidy covers 100% of COBRA and state mini-COBRA premiums from April 1–Sept. 30, 2021, for certain assistance-eligible individuals whose work hours were reduced or whose employment was involuntarily terminated. The subsidy is funded via a tax credit provided to employers, insurers or group health plans, according to the terms of the statute.

[Click here](#) for more information about this IRS Guidance.