

107TH CONGRESS  
1ST SESSION

# H. R. 3040

To make COBRA continuing coverage more affordable for laid-off American workers.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 4, 2001

Mr. SCHIFF (for himself, Mr. HINCHEY, and Mr. FROST) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To make COBRA continuing coverage more affordable for laid-off American workers.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “COBRA Coverage Act  
5 of 2001”.

### 6 **SEC. 2. CREDIT FOR EMPLOYER-PROVIDED COBRA COV-** 7 **ERAGE.**

8 (a) IN GENERAL.—Subpart D of part IV of sub-  
9 chapter A of chapter 1 of the Internal Revenue Code of

1 1986 (relating to business-related credits) is amended by  
 2 adding at the end the following new section:

3 **“SEC. 45G. EMPLOYER-PROVIDED COBRA COVERAGE.**

4 “(a) IN GENERAL.—For purposes of section 38, the  
 5 employer-provided COBRA coverage credit determined  
 6 under this section for the taxable year is an amount equal  
 7 to the COBRA premiums paid or incurred by the taxpayer  
 8 for continuation coverage during the taxable year of any  
 9 individual who is a qualified beneficiary by reason of—

10 “(1) being a covered employee with respect to  
 11 the taxpayer, or

12 “(2) bearing a relationship to such a covered  
 13 employee.

14 “(b) DOLLAR LIMITATION.—The credit determined  
 15 under subsection (a) for coverage for any month with re-  
 16 spect to each qualified beneficiary shall not exceed which-  
 17 ever of the following is the least:

18 “(1) 50 percent of the COBRA premium for  
 19 continuation coverage for such month.

20 “(2) \$110 in the case of self-only coverage and  
 21 \$290 in the case of family coverage for such month.

22 “(c) COBRA PREMIUMS.—For purposes of this sec-  
 23 tion, the term ‘COBRA premiums’ means, with respect to  
 24 any period of continuation coverage for a qualified bene-  
 25 ficiary, the cost of such coverage for such period to the

1 extent such cost does not exceed the maximum amount  
2 which (without regard to this section) may be required  
3 under section 4980B(f)(2)(C) to be paid for such coverage  
4 for such beneficiary.

5 “(d) OTHER DEFINITIONS.—Terms used in this sec-  
6 tion which are also used in section 4980B shall have the  
7 respective meanings given such terms by section 4980B.”

8 (b) DENIAL OF DOUBLE BENEFIT.—Section 280C of  
9 such Code (relating to certain expenses for which credits  
10 are allowable) is amended by adding at the end the fol-  
11 lowing new subsection:

12 “(d) CREDIT FOR EMPLOYER-PROVIDED COBRA  
13 COVERAGE.—No deduction shall be allowed for that por-  
14 tion of the COBRA premiums (as defined in section  
15 45G(c)) otherwise allowable as a deduction for the taxable  
16 year which is equal to the amount of the credit allowable  
17 for the taxable year under section 45G (determined with-  
18 out regard to section 38(c)).”

19 (c) CONFORMING AMENDMENTS.—

20 (1) Subsection (b) of section 38 of such Code  
21 is amended by striking “plus” at the end of para-  
22 graph (14), by striking the period at the end of  
23 paragraph (15) and inserting “, plus”, and by add-  
24 ing at the end the following:

1           “(16) the employer-provided COBRA coverage  
2           credit determined under section 45G.”.

3           (2) The table of sections for subpart D of part  
4           IV of subchapter A of chapter 1 of such Code is  
5           amended by adding at the end the following new  
6           item:

                  “Sec. 45G. Employer-provided COBRA coverage.”.

7           (d) EFFECTIVE DATE.—The amendments made by  
8           this section shall apply to taxable years beginning after  
9           the date of the enactment of this Act.

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