

108TH CONGRESS  
1ST SESSION

# H. R. 2891

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

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## IN THE HOUSE OF REPRESENTATIVES

JULY 24, 2003

Mr. SCHIFF (for himself, Mr. ANDREWS, Mr. HINCHEY, Mr. GEORGE MILLER of California, Ms. JACKSON-LEE of Texas, Mr. WEINER, Mr. KILDEE, Mr. McNULTY, Ms. CARSON of Indiana, Mr. BRADY of Pennsylvania, Mr. FROST, Mr. WEXLER, Mr. OWENS, Mr. ACKERMAN, Ms. WOOLSEY, Mr. ABERCROMBIE, Mr. FRANK of Massachusetts, Mr. PAYNE, Mr. GRIJALVA, Mrs. JONES of Ohio, and Mr. VAN HOLLEN) 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 2003”.

1 **SEC. 2. CREDIT FOR EMPLOYER-PROVIDED COBRA COV-**  
2 **ERAGE.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-  
4 chapter A of chapter 1 of the Internal Revenue Code of  
5 1986 (relating to business-related credits) is amended by  
6 adding at the end the following new section:

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

8 “(a) IN GENERAL.—For purposes of section 38, the  
9 employer-provided COBRA coverage credit determined  
10 under this section for the taxable year is an amount equal  
11 to the COBRA premiums paid or incurred by the taxpayer  
12 for continuation coverage during the taxable year of any  
13 individual who is a qualified beneficiary by reason of—  
14 “(1) being a covered employee with respect to  
15 the taxpayer, or

16 “(2) bearing a relationship to such a covered  
17 employee.

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

22 “(1) 50 percent of the COBRA premium for  
23 continuation coverage for such month.

24 “(2) \$110 in the case of self-only coverage and  
25 \$290 in the case of family coverage for such month.

1       “(c) COBRA PREMIUMS.—For purposes of this sec-  
2 tion, the term ‘COBRA premiums’ means, with respect to  
3 any period of continuation coverage for a qualified bene-  
4 ficiary, the cost of such coverage for such period to the  
5 extent such cost does not exceed the maximum amount  
6 which (without regard to this section) may be required  
7 under section 4980B(f)(2)(C) to be paid for such coverage  
8 for such beneficiary.

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

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

16       “(d) CREDIT FOR EMPLOYER-PROVIDED COBRA  
17 COVERAGE.—No deduction shall be allowed for that por-  
18 tion of the COBRA premiums (as defined in section  
19 45G(c)) otherwise allowable as a deduction for the taxable  
20 year which is equal to the amount of the credit allowable  
21 for the taxable year under section 45G (determined with-  
22 out regard to section 38(e)).”

23       (c) CONFORMING AMENDMENTS.—

24           (1) Subsection (b) of section 38 of such Code  
25       is amended by striking “plus” at the end of para-

1 graph (14), by striking the period at the end of  
2 paragraph (15) and inserting “, plus”, and by add-  
3 ing at the end the following:

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

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

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

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

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