

111TH CONGRESS
1ST SESSION

S. 29

To amend the Internal Revenue Code of 1986 to increase the credit for the health insurance costs of eligible individuals, to expand such credit to individuals covered under COBRA, and to extend the period of COBRA continuation coverage for certain individuals.

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2009

Mr. BROWN introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to increase the credit for the health insurance costs of eligible individuals, to expand such credit to individuals covered under COBRA, and to extend the period of COBRA continuation coverage for certain individuals.

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 “Coverage Continuity
5 Act”.

1 **SEC. 2. INCREASE IN AMOUNT OF HEALTH CARE COV-**
 2 **ERAGE TAX CREDIT.**

3 (a) IN GENERAL.—Section 35(a) of the Internal Rev-
 4 enue Code of 1986 (relating to credit for health insurance
 5 costs of eligible individuals) is amended by striking “65”
 6 and inserting “85”.

7 (b) CONFORMING AMENDMENT.—Section 7527(b) of
 8 such Code (relating to advance payment of credit for
 9 health insurance costs of eligible individuals) is amended
 10 by striking “65” and inserting “85”.

11 (c) EFFECTIVE DATE.—The amendments made by
 12 this section apply to taxable years beginning after Decem-
 13 ber 31, 2008.

14 **SEC. 3. EXPANSION OF HEALTH CARE COVERAGE TAX**
 15 **CREDIT TO INDIVIDUALS ENROLLED IN**
 16 **COBRA.**

17 (a) IN GENERAL.—Paragraph (1) of section 35(c) of
 18 the Internal Revenue Code of 1986 is amended by striking
 19 “and” at the end of subparagraph (B), by striking the
 20 period at the end of subparagraph (C) and inserting “,
 21 and”, and by adding at the end the following new subpara-
 22 graph:

23 “(D) an eligible COBRA continuation indi-
 24 vidual.”.

25 (b) ELIGIBLE COBRA CONTINUATION INDI-
 26 VIDUAL.—Section 35(c) of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new
 2 paragraph:

3 “(5) ELIGIBLE COBRA CONTINUATION INDI-
 4 VIDUAL.—

5 “(A) IN GENERAL.—The term ‘eligible
 6 COBRA continuation individual’ means—

7 “(i) any individual who is covered
 8 under a COBRA continuation provision (as
 9 defined in section 9832(d)) on January 1,
 10 2009,

11 “(ii) any individual who enrolls in cov-
 12 erage under a COBRA continuation provi-
 13 sion (as so defined) at any time after Jan-
 14 uary 1, 2009, and before January 1, 2011,
 15 or

16 “(iii) any individual with respect to
 17 whom there is a qualifying event (as de-
 18 fined in section 4980B(f)(3)) at any time
 19 after January 1, 2009, and before January
 20 1, 2011.

21 “(B) EXCEPTION.—Such term does not in-
 22 clude any individual described in subparagraph
 23 (A) after the earlier of—

1 “(i) the date on which such individual
 2 is no longer eligible to be covered under a
 3 COBRA continuation provision, or

4 “(ii) the date which is 18 months
 5 after the date on which the qualifying
 6 event (as defined in section 4980B(f)(3))
 7 occurred with respect to such individual.

8 In the case of an individual who is eligible for
 9 extended coverage under a COBRA continu-
 10 ation provision pursuant to section 4 of the
 11 Coverage Continuity Act, clause (ii) shall not
 12 apply.”.

13 **SEC. 4. EXTENSION OF CONTINUATION COVERAGE.**

14 (a) EXTENSION OF CONTINUATION COVERAGE.—

15 (1) IN GENERAL.—Notwithstanding section 602
 16 of the Employee Retirement Income Security Act of
 17 1974 (29 U.S.C. 1162), section 2202 of the Public
 18 Health Service Act (42 U.S.C. 300bb–2), and sec-
 19 tion 4980B(f)(2)(B) of the Internal Revenue Code of
 20 1986, a qualified beneficiary who is covered under
 21 continuation coverage and whose eligibility for such
 22 continuation coverage would terminate during the
 23 period beginning January 1, 2009 and ending De-
 24 cember 31, 2009, may elect to extend such continu-
 25 ation coverage for an additional 12 months.

1 (2) LIMITATION.—Paragraph (1) shall apply
2 only to a qualified beneficiary who does not termi-
3 nate such continuation coverage prior to the election
4 of the 12-month extension under such paragraph.

5 (b) DEFINITIONS.—In this section—

6 (1) the term “continuation coverage” means
7 continuation coverage provided pursuant to part 6 of
8 subtitle B of title I of the Employee Retirement In-
9 come Security Act of 1974 (other than under section
10 609), title XXII of the Public Health Service Act,
11 and section 4980B of the Internal Revenue Code of
12 1986 (other than subsection (f)(1) of such section
13 insofar as it relates to pediatric vaccines), as appli-
14 cable; and

15 (2) the term “qualified beneficiary” has the
16 meaning given such term in section 607(3) of the
17 Employee Retirement Income Security Act of 1974
18 (29 U.S.C. 1167(3)), section 2208(3) of the Public
19 Health Service Act (42 U.S.C. 300bb–8(3)), and
20 section 4980B(g) of the Internal Revenue Code of
21 1986, as applicable.

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