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Notice 2021-46: Additional IRS guidance on premium assistance for COBRA benefits

The IRS today released an advance version of [Notice 2021-46](#) [PDF 144 KB] as additional guidance supplementing earlier information regarding temporary premium assistance for COBRA continuation coverage.

The “American Rescue Plan Act of 2021” (Pub. L. No. 117-2, enacted March 11, 2021) provides a 100% reduction in premium that would otherwise be payable by individuals and their families who elect “Consolidated Omnibus Budget Reconciliation Act of 1985” (COBRA) continuation coverage from a loss of healthcare coverage due to a reduction in hours or an involuntary termination of employment.

The IRS in May 2021 released Notice 2021-31 as guidance on the COBRA premium assistance. The guidance offered by Notice 2021-31 provides information in a series of 86 questions and answers (Q&As), with clarifications on administering premium assistance subsidies and tax credits. Read a KPMG report that includes an overview of the information contained in Notice 2021-31—including eligibility, the definition of involuntarily termination, and reduction in hours, as well as how to claim the credit: [TaxNewsFlash](#)

Notice 2021-46 supplements Notice 2021-31 and as had been expected addresses additional issues in 11 new Q&As such as:

- The availability of the premium assistance to individuals eligible for an extension who had not elected it
- Whether premium assistance for vision or dental-only coverage ends due to eligibility for other health coverage that does not include vision or dental benefits
- The availability of premium assistance under a state statute that limits continuation coverage to government employees
- Whether employers may claim the premium assistance tax credit if the SHOP (Small Business Health Options Program) exchange requires employers to pay COBRA premiums and which party may claim the premium assistance tax credit in situations involving parties other than an insurer or former common law employer providing the COBRA coverage

The purpose of this report is to provide text of Notice 2021-46.

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