

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.

○