To provide premium assistance for COBRA continuation coverage and furloughed continuation coverage for individuals and their families during the COVID–19 emergency period and 180-days thereafter, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Scott of Virginia (for himself, Mrs. Dingell, and Mr. Horsford) introduced the following bill; which was referred to the Committee on

A BILL

To provide premium assistance for COBRA continuation coverage and furloughed continuation coverage for individuals and their families during the COVID–19 emergency period and 180-days thereafter, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Worker Health Coverage Protection Act”.

(Original Signature of Member)
SEC. 2. PRESERVING HEALTH BENEFITS FOR WORKERS.

(a) Premium Assistance for COBRA Continuation Coverage and Furloughed Continuation Coverage for Individuals and Their Families.—

(1) Provision of premium assistance.—

(A) Reduction of premiums payable.—

(i) COBRA continuation coverage.—In the case of any premium for a period of coverage during the period beginning on March 1, 2020 and ending on the last day of the 180-day period succeeding the emergency period described in section 1135(g)(1)(B) of the Social Security Act (42 U.S.C. 1320b–5(g)(1)(B)) for COBRA continuation coverage with respect to any assistance eligible individual described in paragraph (3)(A), such individual shall be treated for purposes of any COBRA continuation provision as having paid the amount of such premium if such individual pays (or a person other than such individual’s employer pays on behalf of such individual) 0 percent of the amount of such premium (as determined without regard to this subsection).
(ii) **FURLoughed continuation**

Coverage.—In the case of any premium for a period of coverage during the period beginning on March 1, 2020 and ending on the last day of the 180-day period succeeding the emergency period described in section 1135(g)(1)(B) of the Social Security Act (42 U.S.C. 1320b–5(g)(1)(B)) for coverage under a group health plan with respect to any assistance eligible individual described in paragraph (3)(B), such individual shall be treated for purposes of coverage under the plan offered by the employer involved in which the individual is enrolled as having paid the amount of such premium if such individual pays (or a person other than such individual’s employer pays on behalf of such individual) 0 percent of the amount of such premium (as determined without regard to this subsection).

(B) **Plan enrollment option.**—

(i) In general.—Notwithstanding the COBRA continuation provisions, any assistance eligible individual who is en-
rolled in a group health plan offered by a plan sponsor may, not later than 90 days after the date of notice of the plan enrollment option described in this subparagraph, elect to enroll in coverage under a plan offered by such plan sponsor, that is different than coverage under the plan in which such individual was enrolled at the time—

(I) in the case of any assistance eligible individual described in paragraph (3)(A), the qualifying event specified in section 603(2) of the Employee Retirement Income Security Act of 1974, section 4980B(f)(3)(B) of the Internal Revenue Code of 1986, section 2203(2) of the Public Health Service Act, or section 8905a of title 5, United States Code occurred, and such coverage shall be treated as COBRA continuation coverage for purposes of the applicable COBRA continuation coverage provision; or

(II) in the case of any assistance eligible individual described in para-
graph (3)(B), such individual was subject to a furlough.

(ii) REQUIREMENTS.—Any assistance eligible individual may elect to enroll in different coverage as described in clause (i) only if—

(I) the employer involved has made a determination that such employer will permit such assistance eligible individual to enroll in different coverage as provided under this subparagraph;

(II) the premium for such different coverage does not exceed the premium for coverage in which such individual was enrolled at the time such qualifying event occurred;

(III) the different coverage in which the individual elects to enroll is coverage that is also offered to the active employees of the employer, who are not furloughed, at the time at which such election is made; and
(IV) the different coverage in which the individual elects to enroll is not—

(aa) coverage that provides only dental, vision, counseling, or referral services (or a combination of such services);

(bb) a qualified small employer health reimbursement arrangement (as defined in section 9831(d)(2) of the Internal Revenue Code of 1986);

(cc) a flexible spending arrangement (as defined in section 106(c)(2) of the Internal Revenue Code of 1986); or

(dd) coverage that provides coverage for services or treatments furnished in an on-site medical facility maintained by the employer and that consists primarily of first-aid services, prevention and wellness care, or similar care (or a combination of such care).
(C) PREMIUM REIMBURSEMENT.—For provisions providing the payment of such premium, see section 6432 of the Internal Revenue Code of 1986, as added by paragraph (14).

(2) LIMITATION OF PERIOD OF PREMIUM ASSISTANCE.—

(A) ELIGIBILITY FOR ADDITIONAL COVERAGE.—Paragraph (1)(A) shall not apply with respect to—

(i) any assistance eligible individual described in paragraph (3)(A) for months of coverage beginning on or after the earlier of—

(I) the first date that such individual is covered under any other group health plan (other than coverage consisting of only dental, vision, counseling, or referral services (or a combination thereof), coverage under a flexible spending arrangement (as defined in section 106(c)(2) of the Internal Revenue Code of 1986), coverage of treatment that is furnished in an on-site medical facility maintained by the employer and that con-


sists primarily of first-aid services, prevention and wellness care, or similar care (or a combination thereof)), eligible for benefits under title XVIII of the Social Security Act, or covered under a qualified health plan (as defined in section 1301(a) of the Patient Protection and Affordable Care Act (42 U.S.C. 18021(a)) offered through an Exchange established under title I of the Patient Protection and Affordable Care Act (42 U.S.C. 18001 et seq.); or

(II) the earliest of—

(aa) the date which is 15 months after the first day of the first month that paragraph (1)(A)(i) applies with respect to such individual;

(bb) the date following the expiration of the maximum period of continuation coverage required under the applicable COBRA continuation coverage provision; or
(ee) the date following the expiration of the period of continuation coverage allowed under paragraph (4)(B)(ii); or

(ii) any assistance eligible individual described in paragraph (3)(B) for months of coverage beginning on or after the earlier of—

(I) the first date that such individual is covered under any other group health plan (other than coverage consisting of only dental, vision, counseling, or referral services (or a combination thereof), coverage under a flexible spending arrangement (as defined in section 106(c)(2) of the Internal Revenue Code of 1986), coverage of treatment that is furnished in an on-site medical facility maintained by the employer and that consists primarily of first-aid services, prevention and wellness care, or similar care (or a combination thereof)), eligible for benefits under title XVIII of the Social Security Act, or covered
under a qualified health plan (as defined in section 1301(a) of the Patient Protection and Affordable Care Act (42 U.S.C. 18021(a)) offered through an Exchange established under title I of the Patient Protection and Affordable Care Act (42 U.S.C. 18001 et seq.);

(II) the date which is 15 months after the first day of the first month that paragraph (1)(A)(ii) applies with respect to such individual; or

(III) the first date that such individual is not subject to a furlough.

(B) Notification Requirement.—Any assistance eligible individual shall notify the group health plan with respect to which paragraph (1)(A) applies if such paragraph ceases to apply by reason of clause (i)(I) or (ii)(I) of subparagraph (A) (as applicable). Such notice shall be provided to the group health plan in such time and manner as may be specified by the Secretary of Labor.

(C) Special Enrollment Period Following Expiration of Premium Assist-
ANCE.—Notwithstanding section 1311 of the Patient Protection and Affordable Care Act (42 U.S.C. 18031), the expiration of premium assistance pursuant to a limitation specified under subparagraph (A) shall be treated as a qualifying event for which any assistance eligible individual is eligible to enroll in a qualified health plan offered through an Exchange under title I of such Act (42 U.S.C. 18001 et seq.) during a special enrollment period.

(3) ASSISTANCE ELIGIBLE INDIVIDUAL.—For purposes of this section, the term “assistance eligible individual” means, at any time during the period beginning on March 1, 2020 and ending on the last day of the 180-day period succeeding the emergency period described in section 1135(g)(1)(B) of the Social Security Act (42 U.S.C. 1320b–5(g)(1)(B))—

(A) any individual that is a qualified beneficiary that—

(i) is eligible for COBRA continuation coverage by reason of a qualifying event specified in section 603(2) of the Employee Retirement Income Security Act of 1974, section 4980B(f)(3)(B) of the Internal Revenue Code of 1986, section 2203(2) of
the Public Health Service Act, or section 8905a of title 5, United States Code; and

(ii) elects such coverage; or

(B) any individual that is subject to a furlough that remains eligible for coverage under a group health plan.

(4) Extension of election period and effect on coverage.—

(A) In general.—For purposes of applying section 605(a) of the Employee Retirement Income Security Act of 1974, section 4980B(f)(5)(A) of the Internal Revenue Code of 1986, section 2205(a) of the Public Health Service Act, and section 8905a(c)(2) of title 5, United States Code, in the case of—

(i) an individual who does not have an election of COBRA continuation coverage in effect on the date of the enactment of this Act but who would be an assistance eligible individual described in paragraph (3)(A) if such election were so in effect; or

(ii) an individual who elected COBRA continuation coverage on or after March 1, 2020 and discontinued from such coverage
before the date of the enactment of this Act;
such individual may elect the COBRA continuation coverage under the COBRA continuation coverage provisions containing such sections during the period beginning on the date of the enactment of this Act and ending 60 days after the date on which the notification required under paragraph (7)(C) is provided to such individual.

(B) Commencement of COBRA continuation coverage.—Any COBRA continuation coverage elected by a qualified beneficiary during an extended election period under subparagraph (A)—

(i) shall apply as if such qualified beneficiary had been covered as of the date of a qualifying event specified in section 603(2) of the Employee Retirement Income Security Act of 1974, section 4980B(f)(3)(B) of the Internal Revenue Code of 1986, section 2203(2) of the Public Health Service Act, or section 8905a of title 5, United States Code (including the treatment of premium payments under
paragraph (1)(A) and any cost-sharing requirements for items and services under a group health plan); and

(ii) shall not extend beyond the period of COBRA continuation coverage that would have been required under the applicable COBRA continuation coverage provision if the coverage had been elected as required under such provision.

(5) Expedited Review of Denials of Premium Assistance.—In any case in which an individual requests treatment as an assistance eligible individual described in subparagraph (A) or (B) of paragraph (3) and is denied such treatment by the group health plan, the Secretary of Labor (or the Secretary of Health and Human Services in connection with COBRA continuation coverage which is provided other than pursuant to part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974), in consultation with the Secretary of the Treasury, shall provide for expedited review of such denial. An individual shall be entitled to such review upon application to such Secretary in such form and manner as shall be provided by such Secretary. Such Secretary shall make a determination
regarding such individual’s eligibility within 15 business days after receipt of such individual’s application for review under this paragraph. Either Secretary’s determination upon review of the denial shall be de novo and shall be the final determination of such Secretary. A reviewing court shall grant deference to such Secretary’s determination. The provisions of this paragraph, paragraphs (1) through (4), and paragraphs (7) through (9) shall be treated as provisions of title I of the Employee Retirement Income Security Act of 1974 for purposes of part 5 of subtitle B of such title.

(6) **Disregard of subsidies for purposes of federal and state programs.**—Notwithstanding any other provision of law, any premium reduction with respect to an assistance eligible individual under this subsection shall not be considered income or resources in determining eligibility for, or the amount of assistance or benefits provided under, any other public benefit provided under Federal law or the law of any State or political subdivision thereof.

(7) **COBRA-specific notice.**—

(A) **General notice.**—
(i) In General.—In the case of notices provided under section 606(a)(4) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1166(4)), section 4980B(f)(6)(D) of the Internal Revenue Code of 1986, section 2206(4) of the Public Health Service Act (42 U.S.C. 300bb-6(4)), or section 8905a(f)(2)(A) of title 5, United States Code, with respect to individuals who, during the period described in paragraph (3), become entitled to elect COBRA continuation coverage, the requirements of such sections shall not be treated as met unless such notices include an additional notification to the recipient in clear and understandable language of—

(I) the availability of premium reduction with respect to such coverage under this subsection; and

(II) the option to enroll in different coverage if the employer permits assistance eligible individuals described in paragraph (3)(A) to elect
enrollment in different coverage (as described in paragraph (1)(B)).

(ii) ALTERNATIVE NOTICE.—In the case of COBRA continuation coverage to which the notice provision under such sections does not apply, the Secretary of Labor, in consultation with the Secretary of the Treasury and the Secretary of Health and Human Services, shall, in consultation with administrators of the group health plans (or other entities) that provide or administer the COBRA continuation coverage involved, provide rules requiring the provision of such notice.

(iii) FORM.—The requirement of the additional notification under this subparagraph may be met by amendment of existing notice forms or by inclusion of a separate document with the notice otherwise required.

(B) SPECIFIC REQUIREMENTS.—Each additional notification under subparagraph (A) shall include—
(i) the forms necessary for establishing eligibility for premium reduction under this subsection;

(ii) the name, address, and telephone number necessary to contact the plan administrator and any other person maintaining relevant information in connection with such premium reduction;

(iii) a description of the extended election period provided for in paragraph (4)(A);

(iv) a description of the obligation of the qualified beneficiary under paragraph (2)(C) to notify the plan providing continuation coverage of enrollment in subsequent coverage under another group health plan or a qualified health plan or eligibility for benefits under title XVIII of the Social Security Act and the penalty provided under section 6720C of the Internal Revenue Code of 1986 for failure to so notify the plan;

(v) a description, displayed in a prominent manner, of the qualified beneficiary’s right to a reduced premium and
any conditions on entitlement to the reduced premium;

(vi) a description of the option of the qualified beneficiary to enroll in different coverage if the employer permits such beneficiary to elect to enroll in such different coverage under paragraph (1)(B); and

(vii) information regarding any Exchange established under title I of the Patient Protection and Affordable Care Act (42 U.S.C. 18001 et seq.) through which a qualified beneficiary may be eligible to enroll in a qualified health plan, including—

(I) the publicly accessible internet website address for such Exchange;

(II) the publicly accessible internet website address for the Find Local Help directory maintained by the Department of Health and Human Services on the healthcare.gov internet website (or a successor website);

(III) a clear explanation that—
(aa) an individual who is eligible for continuation coverage may also be eligible to enroll, with financial assistance, in a qualified health plan offered through such Exchange, but, in the case that such individual elects to enroll in such continuation coverage and subsequently elects to terminate such continuation coverage before the period of such continuation coverage expires, such termination does not initiate a special enrollment period (absent a qualifying event specified in section 603(2) of the Employee Retirement Income Security Act of 1974, section 4980B(f)(3)(B) of the Internal Revenue Code of 1986, section 2203(2) of the Public Health Service Act, or section 8905a of title 5, United States Code with respect to such individual); and
(bb) an individual who elects
to enroll in continuation coverage
will remain eligible to enroll in a
qualified health plan offered
through such Exchange during
an open enrollment period and
may be eligible for financial as-
sistance with respect to enrolling
in such a qualified health plan;

(IV) information on consumer
protections with respect to enrolling in
a qualified health plan offered
through such Exchange, including the
requirement for such a qualified
health plan to provide coverage for es-
sential health benefits (as defined in
section 1302(b) of such Act (42
U.S.C. 18022(b))) and the require-
ments applicable to such a qualified
health plan under part A of title
XXVII of the Public Health Service
Act (42 U.S.C. 300gg et seq.);

(V) information on the avail-
ability of financial assistance with re-
spect to enrolling in a qualified health
plan, including the maximum income
limit for eligibility for a premium tax
credit under section 36B of the Internal
Revenue Code of 1986; and

(VI) information on any special
enrollment periods during which any
assistance eligible individual described
in paragraph (3)(A)(i) may be eligible
to enroll, with financial assistance, in
a qualified health plan offered
through such Exchange (including a
special enrollment period for which an
individual may be eligible due to the
expiration of premium assistance pur-
suant to a limitation specified under
paragraph (2)(A)).

(C) NOTICE IN CONNECTION WITH EX-
TENDED ELECTION PERIODS.—In the case of
any assistance eligible individual described in
paragraph (3)(A) (or any individual described
in paragraph (4)(A)) who became entitled to
elect COBRA continuation coverage before the
date of the enactment of this Act, the adminis-
trator of the group health plan (or other entity)
involved shall provide (within 60 days after the
date of enactment of this Act) for the additional notification required to be provided under subparagraph (A) and failure to provide such notice shall be treated as a failure to meet the notice requirements under the applicable COBRA continuation provision.

(D) MODEL NOTICES.—Not later than 30 days after the date of enactment of this Act, with respect to any assistance eligible individual described in paragraph (3)(A)—

(i) the Secretary of the Labor, in consultation with the Secretary of the Treasury and the Secretary of Health and Human Services, shall prescribe models for the additional notification required under this paragraph (other than the additional notification described in clause (ii)); and

(ii) in the case of any additional notification provided pursuant to subparagraph (A) under section 8905a(f)(2)(A) of title 5, United States Code, the Office of Personnel Management shall prescribe a model for such additional notification.

(8) FURLOUGH-SPECIFIC NOTICE.—
(A) IN GENERAL.—With respect to any assistance eligible individual described in paragraph (3)(B) who, during the period described in such paragraph, becomes eligible for assistance pursuant to paragraph (1)(A)(ii), the requirements of section 606(a)(4) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1166(4)), section 4980B(f)(6)(D) of the Internal Revenue Code of 1986, section 2206(4) of the Public Health Service Act (42 U.S.C. 300bb-6(4)), or section 8905a(f)(2)(A) of title 5, United States Code shall not be treated as met unless the group health plan administrator, in accordance with the timing requirement specified under subparagraph (B), provides to the individual a written notice in clear and understandable language of—

(i) the availability of premium reduction with respect to such coverage under this subsection;

(ii) the option to enroll in different coverage if the employer permits assistance to paragraph (1)(B) for coverage under a group health plan; and
(iii) the information specified under paragraph (7)(B) (as applicable).

(B) TIMING SPECIFIED.—For purposes of subparagraph (A), the timing requirement specified in this subparagraph is—

(i) with respect to such an individual who is subject to a furlough during the period beginning on March 1, 2020 and ending on the date of the enactment of this Act, 30 days after the date of such enactment; and

(ii) with respect to such an individual who is subject to a furlough during the period beginning on the first day after the date of the enactment of this Act and ending on the last day of the 180-day period succeeding the emergency period described in section 1135(g)(1)(B) of the Social Security Act (42 U.S.C. 1320b–5(g)(1)(B)), 30 days after the date of such furlough.

(C) MODEL NOTICES.—Not later than 30 days after the date of enactment of this Act, with respect to any assistance eligible individual described in paragraph (3)(B)—
(i) the Secretary of the Labor, in consultation with the Secretary of the Treasury and the Secretary of Health and Human Services, shall prescribe models for the notification required under this paragraph (other than the notification described in clause (ii)); and

(ii) in the case of any notification provided pursuant to subparagraph (A) under section 8905a(f)(2)(A) of title 5, United States Code, the Office of Personnel Management shall prescribe a model for such notification.

(9) NOTICE OF EXPIRATION OF PERIOD OF PREMIUM ASSISTANCE.—

(A) IN GENERAL.—With respect to any assistance eligible individual, subject to subparagraph (B), the requirements of section 606(a)(4) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1166(4)), section 4980B(f)(6)(D) of the Internal Revenue Code of 1986, section 2206(4) of the Public Health Service Act (42 U.S.C. 300bb-6(4)), or section 8905a(f)(2)(A) of title 5, United States Code shall not be treated as met unless the em-
ployer of the individual, during the period specified under subparagraph (C), provides to such individual a written notice in clear and understandable language—

(i) that the premium assistance for such individual will expire soon and the prominent identification of the date of such expiration;

(ii) that such individual may be eligible for coverage without any premium assistance through—

(I) COBRA continuation coverage; or

(II) coverage under a group health plan;

(iii) that the expiration of premium assistance is treated as a qualifying event for which any assistance eligible individual is eligible to enroll in a qualified health plan offered through an Exchange under title I of such Act (42 U.S.C. 18001 et seq.) during a special enrollment period;

(iv) the information specified in paragraph (7)(B)(vii);
(B) EXCEPTION. — The requirement for group health plan administrator to provide the written notice under subparagraph (A) shall be waived in the case the premium assistance for such individual expires pursuant to clause (i)(I) or (ii)(I) of paragraph (2)(A).

(C) PERIOD SPECIFIED. — For purposes of subparagraph (A), the period specified in this subparagraph is, with respect to the date of expiration of premium assistance for any assistance eligible individual pursuant to a limitation requiring a notice under this paragraph, the period beginning on the day that is 45 days before the date of such expiration and ending on the day that is 15 days before the date of such expiration.

(D) MODEL NOTICES. — Not later than 30 days after the date of enactment of this Act, with respect to any assistance eligible individual—

(i) the Secretary of the Labor, in consultation with the Secretary of the Treasury and the Secretary of Health and Human Services, shall prescribe models for the notification required under this para-
graph (other than the notification de-
scribed in clause (ii)); and

(ii) in the case of any notification pro-
vided pursuant to subparagraph (A) under
section 8905a(f)(2)(A) of title 5, United
States Code, the Office of Personnel Man-
agement shall prescribe a model for such
notification.

(10) REGULATIONS.—The Secretary of the
Treasury and the Secretary of Labor may jointly
prescribe such regulations or other guidance as may
be necessary or appropriate to carry out the provi-
sions of this subsection, including the prevention of
fraud and abuse under this subsection, except that
the Secretary of Labor and the Secretary of Health
and Human Services may prescribe such regulations
(including interim final regulations) or other guid-
ance as may be necessary or appropriate to carry
out the provisions of paragraphs (5), (7), (8), (9),
and (11).

(11) OUTREACH.—The Secretary of Labor, in
consultation with the Secretary of the Treasury and
the Secretary of Health and Human Services, shall
provide outreach consisting of public education and
enrollment assistance relating to premium reduction
provided under this subsection. Such outreach shall target employers, group health plan administrators, public assistance programs, States, insurers, and other entities as determined appropriate by such Secretaries. Such outreach shall include an initial focus on those individuals electing continuation coverage who are referred to in paragraph (7)(C). Information on such premium reduction, including enrollment, shall also be made available on websites of the Departments of Labor, Treasury, and Health and Human Services.

(12) DEFINITIONS.—For purposes of this section:

(A) ADMINISTRATOR.—The term “administrator” has the meaning given such term in section 3(16)(A) of the Employee Retirement Income Security Act of 1974.

(B) COBRA CONTINUATION COVERAGE.—The term “COBRA continuation coverage” means continuation coverage provided pursuant to part 6 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (other than under section 609), title XXII of the Public Health Service Act, section 4980B of the Internal Revenue Code of 1986 (other than
subsection (f)(1) of such section insofar as it
relates to pediatric vaccines), or section 8905a
of title 5, United States Code, or under a State
program that provides comparable continuation
coverage. Such term does not include coverage
under a health flexible spending arrangement
under a cafeteria plan within the meaning of
section 125 of the Internal Revenue Code of
1986.

(C) COBRA CONTINUATION PROVISION.—
The term “COBRA continuation provision”
means the provisions of law described in sub-
paragraph (B).

(D) COVERED EMPLOYEE.—The term
“covered employee” has the meaning given such
term in section 607(2) of the Employee Retire-

(E) QUALIFIED BENEFICIARY.—The term
“qualified beneficiary” has the meaning given
such term in section 607(3) of the Employee

(F) GROUP HEALTH PLAN.—The term
“group health plan” has the meaning given
such term in section 607(1) of the Employee
(G) **STATE.**—The term “State” includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(H) **PERIOD OF COVERAGE.**—Any reference in this subsection to a period of coverage shall be treated as a reference to a monthly or shorter period of coverage with respect to which premiums are charged with respect to such coverage.

(I) **PLAN SPONSOR.**—The term “plan sponsor” has the meaning given such term in section 3(16)(B) of the Employee Retirement Income Security Act of 1974.

(J) **FURLOUGH.**—The term “furlough” means, with respect to an individual, a reduction of the number of paid hours by at least 20 percent during any 30-day period as compared to the number of paid hours during the prior 30-day period due to a lack of work, funds, or other non-disciplinary reason and the continued eligibility for coverage of the individual under the group health plan of the employer involved.

(13) **REPORTS.**—
(A) INTERIM REPORT.—The Secretary of the Treasury and the Secretary of Labor shall jointly submit an interim report to the Committee on Education and Labor, the Committee on Ways and Means, and the Committee on Energy and Commerce of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate regarding the premium reduction provided under this subsection that includes—

(i) the number of individuals provided such assistance as of the date of the report; and

(ii) the total amount of expenditures incurred (with administrative expenditures noted separately) in connection with such assistance as of the date of the report.

(B) FINAL REPORT.—As soon as practicable after the last period of COBRA continuation coverage for which premium reduction is provided under this section, the Secretary of the Treasury and the Secretary of Labor shall jointly submit a final report to each Committee referred to in subparagraph (A) that includes—
(i) the number of individuals provided
premium reduction under this section;
(ii) the average dollar amount
(monthly and annually) of premium reduc-
tions provided to such individuals; and
(iii) the total amount of expenditures
incurred (with administrative expenditures
noted separately) in connection with pre-
mium reduction under this section.

(14) COBRA PREMIUM ASSISTANCE.—

(A) IN GENERAL.—Subchapter B of chap-
ter 65 of the Internal Revenue Code of 1986 is
amended by adding at the end the following
new section:

“SEC. 6432. CONTINUATION COVERAGE PREMIUM ASSIST-
ANCE.

“(a) IN GENERAL.—The person to whom premiums
are payable for continuation coverage under section
2(a)(1) of the Worker Health Coverage Protection Act
shall be reimbursed as provided in subsection (e) for the
amount of premiums not paid by assistance eligible indi-
viduals by reason of such section.

“(b) PERSON ENTITLED TO REIMBURSEMENT.—For
purposes of subsection (a), except as otherwise provided
by the Secretary, the person to whom premiums are pay-
able under such continuation coverage shall be treated as being—

“(1) in the case of any group health plan which is a multiemployer plan (as defined in section 3(37) of the Employee Retirement Income Security Act of 1974), the plan,

“(2) in the case of any group health plan not described in paragraph (1)—

“(A) which is furlough continuation coverage described in section 2(a)(1)(A)(ii) of the Worker Health Coverage Protection Act or subject to the COBRA continuation provisions contained in—

“(i) this title,

“(ii) the Employee Retirement Income Security Act of 1974,

“(iii) the Public Health Service Act, or

“(iv) title 5, United States Code, or

“(B) under which some or all of the coverage is not provided by insurance,

the employer maintaining the plan, and

“(3) in the case of any group health plan not described in paragraph (1) or (2), the insurer providing the coverage under the group health plan.
“(c) LIMITATION ON REIMBURSEMENT FOR FUR-
LOUGHED EMPLOYEES.—The amount of the premiums
treated as not paid by an assistance eligible individual de-
scribed in section 2(a)(3)(B) of the Worker Health Cov-
erage Protection Act shall not exceed the portion of the
annual premium which would have been paid by the em-
ployee (without regard to whether paid through salary re-
duction or otherwise) for periods of coverage under the
plan before the date of the enactment of this section.

“(d) METHOD OF REIMBURSEMENT.—Except as oth-
erwise provided by the Secretary—

“(1) TREATMENT AS PAYMENT OF PAYROLL
TAXES.—Each person entitled to reimbursement
under subsection (a) (and filing a claim for such re-
imbursement at such time and in such manner as
the Secretary may require) shall be treated for pur-
poses of this title and section 1324(b)(2) of title 31,
United States Code, as having paid to the Secretary,
on the date that the assistance eligible individual’s
premium payment would otherwise be due, payroll
taxes in an amount equal to the portion of such re-
imbursement which relates to such premium. To the
extent that the amount treated as paid under the
preceding sentence exceeds the amount of such per-
son’s liability for such taxes, the Secretary shall
credit or refund such excess in the same manner as
if it were an overpayment of such taxes.

“(2) OVERSTATEMENTS.—Any overstatement of
the reimbursement to which a person is entitled
under this section (and any amount paid by the Sec-
retary as a result of such overstatement) shall be
treated as an underpayment of payroll taxes by such
person and may be assessed and collected by the
Secretary in the same manner as payroll taxes.

“(e) DEFINITIONS.—For purposes of this section—

“(1) PAYROLL TAXES.—The term ‘payroll
taxes’ means—

“(A) amounts required to be deducted and
withheld for the payroll period under section
3402 (relating to wage withholding),

“(B) amounts required to be deducted for
the payroll period under section 3102 (relating
to FICA employee taxes), and

“(C) amounts of the taxes imposed for the
payroll period under section 3111 (relating to
FICA employer taxes).

“(2) PERSON.—The term ‘person’ includes any
governmental entity.

“(f) REPORTING.—Each person entitled to reim-
bursement under subsection (a) for any period shall sub-
mit such reports (at such time and in such manner) as
the Secretary may require, including—

“(1) an attestation of involuntary termination
of employment, reduction of hours, or furloughing,
for each assistance eligible individual on the basis of
whose termination, reduction of hours, or fur-
loughing entitlement to reimbursement is claimed
under subsection (a),

“(2) a report of the amount of payroll taxes off-
sset under subsection (a) for the reporting period and
the estimated offsets of such taxes for the subse-
quent reporting period in connection with reimburse-
ments under subsection (a), and

“(3) a report containing the TINs of all covered
employees, the amount of subsidy reimbursed with
respect to each covered employee and qualified bene-
ficiaries, and a designation with respect to each cov-
ered employee as to whether the subsidy reimburse-
ment is for coverage of 1 individual or 2 or more in-
dividuals.

“(g) REGULATIONS.—The Secretary shall issue such
regulations or other guidance as may be necessary or ap-
propriate to carry out this section, including—

“(1) the requirement to report information or
the establishment of other methods for verifying the
correct amounts of reimbursements under this section, and

“(2) the application of this section to group health plans that are multiemployer plans (as defined in section 3(37) of the Employee Retirement Income Security Act of 1974).”.

(B) SOCIAL SECURITY TRUST FUNDS HELD HARMLESS.—In determining any amount transferred or appropriated to any fund under the Social Security Act, section 6432 of the Internal Revenue Code of 1986 shall not be taken into account.

(C) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

“Sec. 6432. Continuation coverage premium assistance.”.

(D) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to premiums to which subsection (a)(1)(A) applies.

(E) SPECIAL RULE.—

(i) IN GENERAL.—In the case of an assistance eligible individual who pays, with respect to the first period of continuation coverage to which subsection (a)(1)(A) applies or the immediately subse-
quent period, the full premium amount for such coverage, the person to whom such payment is payable shall—

1. make a reimbursement payment to such individual for the amount of such premium paid in excess of the amount required to be paid under subsection (a)(1)(A); or

2. provide credit to the individual for such amount in a manner that reduces one or more subsequent premium payments that the individual is required to pay under such subsection for the coverage involved.

(ii) Reimbursing Employer.—A person to which clause (i) applies shall be reimbursed as provided for in section 6432 of the Internal Revenue Code of 1986 for any payment made, or credit provided, to the employee under such clause.

(iii) Payment of Credits.—Unless it is reasonable to believe that the credit for the excess payment in clause (i)(II) will be used by the assistance eligible individual within 180 days of the date on which the
person receives from the individual the payment of the full premium amount, a person to which clause (i) applies shall make the payment required under such clause to the individual within 60 days of such payment of the full premium amount.

If, as of any day within the 180-day period, it is no longer reasonable to believe that the credit will be used during that period, payment equal to the remainder of the credit outstanding shall be made to the individual within 60 days of such day.

(15) Penalty for failure to notify health plan of cessation of eligibility for premium assistance.—

(A) In general.—Part I of subchapter B of chapter 68 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 6720C. PENALTY FOR FAILURE TO NOTIFY HEALTH PLAN OF CESSATION OF ELIGIBILITY FOR CONTINUATION COVERAGE PREMIUM ASSISTANCE.

"(a) In general.—Any person required to notify a group health plan under section 2(a)(2)(B) of the Worker
Health Coverage Protection Act who fails to make such
a notification at such time and in such manner as the Sec-
retary of Labor may require shall pay a penalty of $250.

“(b) INTENTIONAL FAILURE.—In the case of any
such failure that is fraudulent, such person shall pay a
penalty of 110 percent of the premium reduction provided
under such section after termination of eligibility under
such subsection.

“(e) REASONABLE CAUSE EXCEPTION.—No penalty
shall be imposed under this section with respect to any
failure if it is shown that such failure is due to reasonable
cause and not to willful neglect.”.

(B) CLERICAL AMENDMENT.—The table of
sections of part I of subchapter B of chapter 68
of such Code is amended by adding at the end
the following new item:

“Sec. 6720C. Penalty for failure to notify health plan of cessation of eligibility
for continuation coverage premium assistance.”.

(16) COORDINATION WITH HCTC.—

(A) IN GENERAL.—Section 35(g)(9) of the
Internal Revenue Code of 1986 is amended to
read as follows:

“(9) CONTINUATION COVERAGE PREMIUM AS-
SISTANCE.—In the case of an assistance eligible in-
dividual who receives premium reduction for continu-
ation coverage under section 2(a)(1) of the Worker
Health Coverage Protection Act for any month during the taxable year, such individual shall not be treated as an eligible individual, a certified individual, or a qualifying family member for purposes of this section or section 7527 with respect to such month.”.

(B) EFFECTIVE DATE.—The amendment made by subparagraph (A) shall apply to taxable years ending after the date of the enactment of this Act.

(17) EXCLUSION OF CONTINUATION COVERAGE PREMIUM ASSISTANCE FROM GROSS INCOME.—

(A) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 139H the following new section:

“SEC. 139I. CONTINUATION COVERAGE PREMIUM ASSISTANCE.

“In the case of an assistance eligible individual (as defined in subsection (a)(3) of section 2 of the Worker Health Coverage Protection Act), gross income does not include any premium reduction provided under subsection (a)(1) of such section.”.

(B) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter
1 of such Code is amended by inserting after
the item relating to section 139H the following
new item:

“Sec. 139I. Continuation coverage premium assistance.”.

(C) EFFECTIVE DATE.—The amendments
made by this paragraph shall apply to taxable
years ending after the date of the enactment of
this Act.

(b) ELIMINATION OF PREMIUM SUBSIDY FOR HIGH-INCOME INDIVIDUALS.—

(1) RECAPTURE OF SUBSIDY FOR HIGH-INCOME INDIVIDUALS.—If—

(A) premium assistance is provided under
this section with respect to any continuation
coverage which covers the taxpayer, the tax-
payer’s spouse, or any dependent (within the
meaning of section 152 of the Internal Revenue
Code of 1986, determined without regard to
subsections (b)(1), (b)(2), and (d)(1)(B) there-
of) of the taxpayer during any portion of the
taxable year, and

(B) the taxpayer’s modified adjusted gross
income for such taxable year exceeds $125,000
($250,000 in the case of a joint return),
then the tax imposed by chapter 1 of such Code with respect to the taxpayer for such taxable year shall be increased by the amount of such assistance.

(2) **Phase-in of recapture.**—

(A) In general.—In the case of a taxpayer whose modified adjusted gross income for the taxable year does not exceed $145,000 ($290,000 in the case of a joint return), the increase in the tax imposed under paragraph (1) shall not exceed the phase-in percentage of such increase (determined without regard to this paragraph).

(B) Phase-in percentage.—For purposes of this subsection, the term “phase-in percentage” means the ratio (expressed as a percentage) obtained by dividing—

(i) the excess of described in subparagraph (B) of paragraph (1), by

(ii) $20,000 ($40,000 in the case of a joint return).

(3) **Option for high-income individuals to waive assistance and avoid recapture.**—Notwithstanding subsection (a)(3), an individual shall not be treated as an assistance eligible individual for
purposes of this section and section 6432 of the Internal Revenue Code of 1986 if such individual—

(A) makes a permanent election (at such time and in such form and manner as the Secretary of the Treasury may prescribe) to waive the right to the premium assistance provided under this section, and

(B) notifies the entity to whom premiums are reimbursed under section 6432(a) of such Code of such election.

(4) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this subsection, the term “modified gross income” means the adjusted gross income (as defined in section 62 of the Internal Revenue Code of 1986) of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933 of such Code.

(5) CREDITS NOT ALLOWED AGAINST TAX, ETC.—For purposes determining regular tax liability under section 26(b) of such Code, the increase in tax under this subsection shall not be treated as a tax imposed under chapter 1 of such Code.

(6) REGULATIONS.—The Secretary of the Treasury shall issue such regulations or other guidance as are necessary or appropriate to carry out
this subsection, including requirements that the enti-
ty to whom premiums are reimbursed under section
6432(a) of the Internal Revenue Code of 1986 re-
port to the Secretary, and to each assistance eligible
individual, the amount of premium assistance pro-
vided under subsection (a) with respect to each such
individual.

(7) EFFECTIVE DATE.—The provisions of this
subsection shall apply to taxable years ending after
the date of the enactment of this Act.

(c) RULE OF CONSTRUCTION.—In all matters of in-
terpretation, rules, and operational procedures, the lan-
guage of this section shall be interpreted broadly for the
benefit of workers and their families.