

Q: When does the premium subsidy begin and end?

A: ARPA establishes a 100% COBRA premium subsidy for eligible individuals during the period beginning on April 1, 2021 and ending on September 30, 2021. This means that even eligible individuals who lost health coverage as far back as November 2019 may benefit from the subsidy, since their 18-month maximum COBRA period will not expire until the end of April 2021.

Q: Who is eligible for the COBRA premium subsidy?

A: Eligible individuals are those who had an involuntary termination or had a reduction in hours and are not eligible for other group health plan coverage or Medicare.

Q: What group health plans are subject to the premium subsidy?

A: Eligible individuals can receive 100% subsidy for the "COBRA premium" for all group health plans other than Health FSAs. The COBRA premium includes medical, dental, vision, HRAs, and the standard 2% COBRA administration fee.

Q: Does the ARPA subsidy apply to State Continuation?

A: Yes, the premium subsidy is applicable in states that have a state continuation law. In most states, the premium subsidy assistance would be applicable to only the fully insured medical plan. For groups subject to state continuation, the insurance carrier would be the one receiving the premium tax credit, not the employer.

Q: Can an eligible individual who either did not elect previous elect COBRA or elected but let their coverage lapse still qualify for the COBRA subsidy?

A: Yes. The subsidy is available to employees who did not elect COBRA coverage during their original election period, as well as those who initially elected COBRA but let their coverage lapse. These individuals must be offered an additional window of at least 60 days to elect COBRA coverage. Since COBRA election deadlines have been extended during the pandemic because of the DOL/IRS deadline tolling guidance, many individuals are still within their original COBRA election periods. However, this special election opportunity allows these individuals to make a prospective COBRA election for the period beginning April 1, 2021, without requiring payment of premiums retroactive to the original loss of coverage. Keep in mind the maximum COBRA period is not extended in such a case.