

AMERICAN RESCUE PLAN ACT OF 2021 (ARPA)

What is COBRA continuation of coverage?

COBRA requires most group health plans to provide a temporary continuation of group health coverage. It allows qualified beneficiaries to continue the same medical, dental and vision benefits they had while they were employed. Under COBRA, the individual is now responsible for premiums whereas the employer may have previously assisted with premium contributions. Each eligible individual who elects COBRA will have the same rights under the plan as similarly situated employees.

Am I eligible for the COBRA premium assistance under ARPA if my qualifying event (QE) occurred prior to April 1, 2021?

COBRA individuals may be eligible for the COBRA premium assistance if they meet one of the following criteria:

- Involuntary termination from employment between 11/1/2019 – 9/30/2021
- Reduction of hours (involuntary or voluntary) between 11/1/2019 – 9/30/2021
- Member was not eligible for other group health insurance after termination
- Member was not eligible for Medicare
- Member's termination was not considered gross misconduct

Am I eligible for the COBRA premium assistance if I never elected COBRA or made a COBRA premium payment?

Yes, individuals are eligible for the subsidy if they did not elect COBRA previously or if they did not submit a COBRA premium payment. If a COBRA individual dropped coverage, the COBRA premium assistance would allow them the opportunity to pick up coverage again.

What does ARPA stand for?

ARPA stands for the American Rescue Plan Act of 2021. It was signed into law on March 11, 2021. It provides Assistance Eligible Individuals (AEI) with a subsidy to pay for health care continuation for themselves and their covered children and spouses.

This includes:

- Medical
- Dental
- Vision
- HRA

It does NOT include, or it is not for:

- FSAs
- Life and Disability
- QSEHRA

What is an AEI?

AEI stands for Assistance Eligible Individual who is eligible for COBRA continuation coverage due to one of the following QE:

- Involuntary termination of **employment** (*someone who is laid off or terminated; not for gross misconduct*) or
- Reduction in hours (*this can be for either involuntary or voluntary termination*)

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When is the subsidy period?

The subsidy period covers April 1, 2021, to September 30, 2021.

Who is covered under the COBRA subsidy plan?

The COBRA subsidy applies to Fully Insured and Self-Funded groups for the following:

- Federal COBRA - Groups over 20+
- State Continuation – COBRA groups under 20 employees

Who will administer the COBRA Subsidy?

The COBRA subsidy will be administered by:

- Federal COBRA:
 - Group or
 - Third Party or COBRA Administrator
- State Continuation*:
 - Carrier (fully insurance group under 20)

**We are waiting further information from carriers on process for filling the appropriate forms.*

Who must notify eligible former employees of the COBRA subsidy?

For qualified events occurring from November 1, 2019, to September 30, 2021, the plan administrator or the employer must notify eligible former employees using the new model election notices.

For groups under 20, State Continuation, who is responsible for sending out the new notices?

The employer or COBRA Administrator is responsible for sending out and receiving the notices. Groups under 20, who qualify for State Continuation coverage, the new election notices for the subsidy will be processed by the carrier. We are awaiting further guidance from DOL, HHS, IRS and/or MIA on administration of the process.

For groups under 20 employees, they are not eligible for the COBRA look back period.

What are the new notices required?

There are 5 notices model forms.

- **Form 1** - General Notices and COBRA Continuation Coverage Election (*step 1*) (*For QE that occur between 4/1/2021 and 9/30/2021*)
 - Applying for the Premium Assistance (*step 2*) - returning the completed model notice from AEI
- **Form 2** - Expiration of Premium Assistance (*step 4*)
- **Form 3** - Extended Election Period Notice (*for QE prior to 4/1/2021*)
- **Form 4** - Summary of COBRA Premium Assistance Provision
- **Form 5** - COBRA Premium Assistance & Special Enrollment (*step 5 for participants who are already on COBRA*)

For State Continuation, groups under 20, the following form will be used.

- Alternative Notice of ARP Continuation (*the election period may vary from state to state*) (*step 3*).
- It is our understanding that the tax credits will be taken by the carriers.

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- Currently carriers are not responsible for sending out model notices. It is the responsibility of the COBRA administration or employer to send the form (*still awaiting further direction from DOL, HHS, IRS, carriers and/or the MIA*)

It is important to note that the above steps may not occur in sequential order.

The DOL deadline for all notifications to be sent is May 31, 2021.

If I am already enrolled in COBRA, do I need to send in a request for premium assistance?

Yes, if you have already completed a COBRA election notice and you want to be covered under ARPA 100% COBRA assistance; you will need to submit the application for premium assistance.

Can COBRA Administrators, TPA charge for a COBRA fee under ARPA?

COBRA administrators can charge a 2% administration fee for COBRA under the ARPA plan. There is also provision for collecting additional fees over and above the 2% administration fee.

For questions regarding ARPA please feel free to reach out to any of the following individuals:

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