



Insurance Brokers &
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The Impact of the American Rescue Plan Act (ARPA) of 2021

COBRA Subsidies
March 16, 2021

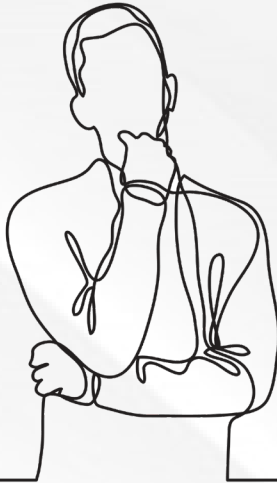
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COBRA Subsidy

- American Rescue Plan Act (ARPA) of 2021 was passed on March 11, 2021.
- Contains Federal Government Subsidy of 100% of COBRA Premiums for Certain Qualified Beneficiaries (QB)
- The Basics
 - Subsidy runs from April 1st through September 30th, 2021
 - Subsidy only for continuation of coverage due to involuntary termination or reduction in hours
 - QBs pay \$0.00, Employer pays full premium to carrier or covers QBs at no cost to participant on self-insured plan
 - Employer recovers lost premium through a payroll tax credit
 - Previously eligible individuals not currently covered have a second chance to enroll
 - Significant new notice requirements

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What to Know About COBRA Subsidies by BRi



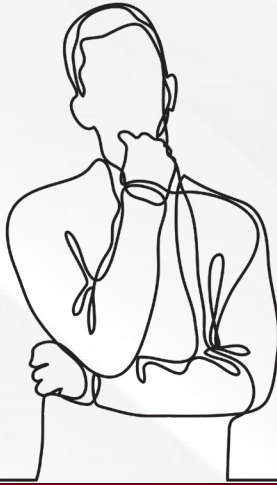
It's 100% Subsidy

The subsidy will cover 100% of premiums (defined as premiums + administrative fees) for health plan coverage.



It's available April through September

The subsidy is only available for premiums due from April 1 through September 30, 2021. Individuals must be in their 18-month Federal COBRA Coverage period.



Coverage is not Automatic

Eligible individuals not yet enrolled in COBRA will need to elect COBRA coverage in order to take advantage of the subsidy.



Employers are responsible for paying premiums

Employers sponsoring a group health plan will be responsible for paying health insurance carriers for the premiums. They will be reimbursed for 100% of the COBRA premiums through tax credits against certain payroll taxes.



New and previously qualified beneficiaries may be eligible

Specific to qualified beneficiaries resulting from involuntary termination of employment or a reduction in hours.



Eligible individuals will need to be notified.

Model notices required to be provided within 30-days of enactment

Then, providers will have 60-days to provide notices



Subsidies apply to Group Health Plans, except FSAs



Individuals could elect a change to coverage

If an employer permits individuals to change coverage, the premium subsidy cannot exceed the cost of the coverage option the individual was in at the time of the qualifying event.

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Questions?

What's Next

- DOL to issue updated notices 30 days from the date the bill was signed: April 10
- COBRA administrative systems need to be reviewed and updated where possible
- Identification of AEI's
- Re-issue Notices by May 31
- EPIC to continue to provide guidance, stay tuned for future webinars/alerts.

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Thank You!