



## Important COBRA and Cal-COBRA Information

### THE AMERICAN Rescue Plan Act 2021 (ARPA)

#### **What is the American Rescue Plan Act (ARPA)**

- The ARPA was enacted on March 11, 2021, and introduced new rights for COBRA/Cal-COBRA premium assistance and a second election opportunity for qualified individuals (and their families).
- ARPA provides federally funded assistance for payment of 100% COBRA/Cal-COBRA premiums for Assistance Eligible Individuals (AEIs).
- AEIs are defined as all COBRA/Cal-COBRA qualified participants (and their families) who have been involuntarily terminated by their employer (other than by reason of such employee's gross misconduct) or have had the employee's hours reduced to a level below health benefit eligibility, between November 1, 2019 and August 31, 2021, and who have elected COBRA continuation coverage (including those who elect during the 2<sup>nd</sup> Special COBRA Election period). Individuals who have voluntarily terminated their own employment are not considered AEIs.
- Premium subsidy for individuals determined to be an AEI will begin on April 1, 2021. Premium subsidy for AEIs effective on April 1, 2021, or after will begin on their COBRA/Cal-COBRA start date.
- AEIs are entitled to receive the COBRA/Cal-COBRA premium subsidy from April 1, 2021 to the earlier of (i) September 30, 2021, (ii) the end of their COBRA eligibility period, or (iii) the first date they become eligible for either other group health coverage, coverage under a flexible spending arrangement, coverage under a qualified small employer health reimbursement arrangement, or Medicare.

#### **What is required of you as an Employer?**

Federal COBRA: *Identify* all employees whose employment was terminated involuntarily (other than due to the employee's gross misconduct) or who have lost coverage due to a reduction of hours, from October 31, 2019 to current. These employees are considered AEIs. Notify employees of their subsidy eligibility.

Cal-COBRA: ChoiceBuilder will identify AEIs for Cal-COBRA members based on the qualifying event reported by the group at the time of employee termination. ChoiceBuilder will notify AEIs of their subsidy eligibility.

## American Rescue Plan Act Highlights

COBRA (Federal)	Cal-COBRA
<ul style="list-style-type: none"> <li>Premium assistance will be offered effective April 1, 2021 for eligible AEIs.</li> </ul>	<ul style="list-style-type: none"> <li>Premium assistance will be offered effective April 1, 2021 for eligible AEIs.</li> </ul>
<ul style="list-style-type: none"> <li>All ARPA required notices should be sent by the employer group.</li> <li>A 2<sup>nd</sup> Special COBRA Enrollment election period is available for AEIs who did not initially elect COBRA, have cancelled their COBRA, (e.g., due to cost), or are currently in their election period. This special election is an extension of the original election period but does not extend the original COBRA eligibility period. Notification of this 2<sup>nd</sup> Special Enrollment election period must be provided by May 31, 2021.</li> <li>AEI's must opt-in for the COBRA subsidy.</li> <li>Employers are responsible for 100% of the full COBRA premium.</li> <li>Employers are eligible for reimbursement through tax credits against their quarterly HI (i.e., Medicare) payroll taxes for the costs of the subsidized coverage during the subsidy period.</li> </ul>	<ul style="list-style-type: none"> <li>All ARPA required notices will be sent by ChoiceBuilder.</li> <li>A 2<sup>nd</sup> Special Enrollment election period is available for AEIs who did not initially elect COBRA, have cancelled their COBRA, (e.g. due to cost), or are currently in their election period. This special election is an extension of the original election period but does not extend the original COBRA eligibility period. Notification of this 2<sup>nd</sup> Special Enrollment election period must be provided by May 31, 2021.</li> <li>AEI's must opt-in for the COBRA subsidy via ChoiceBuilder.</li> <li>Health Plans are responsible for 100% of the full Cal-COBRA premium.</li> </ul>

### How will billing be handled?

Cal-COBRA AEIs:

- Billing will be administered by ChoiceBuilder. The Employer is not required to do anything.

COBRA (Federal) AEIs:

- During the AEIs premium subsidy period, Employers will be billed 100% of the COBRA premium. Partial payments for COBRA AEIs will not be accepted.

NOTE: It is the Employer's responsibility to verify compliance with ARPA, COBRA, and Cal-COBRA laws. The information contained here was provided as a source of reference only. For additional information on ARPA Subsidy, go to <https://www.dol.gov/COBRA-subsidy>.