



News & Types: Employment, Labor & Benefits Update

Masuda Funai Benefits Newsflash - New COBRA Subsidy; Special Enrollment Required

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Practices: Employment, Labor & Benefits

On March 11, 2021, President Biden signed The American Rescue Plan Act of 2021 (“ARPA”) into law. Among other employee benefit provisions, ARPA provides a federal COBRA subsidy for “Assistance Eligible Individuals” (AEIs) beginning on April 1, 2021, and ending on September 30, 2021 (the “Subsidy Period”). An “Assistance Eligible Individual” is a COBRA qualified beneficiary who (1) became eligible for COBRA continuation coverage during the Subsidy Period, or (2) did not elect COBRA continuation coverage that would have extended into the Subsidy Period, or (3) elected COBRA continuation coverage that would have extended into the Subsidy Period, but whose coverage was dropped before April 1, 2021. Importantly, all group health plans must provide a special notice which contains information about the availability of the premium subsidy. In addition, those AEIs who were previously eligible for COBRA continuation coverage but did not enroll and those AEIs who elected COBRA continuation coverage but later dropped coverage that would have extended past April 1, 2021, must be provided a new notice and a 60-day election period. Model/sample notices are expected within 30 days of the enactment of ARPA. Because April 1, 2021 is near, employers should review their coverage records to identify those individuals who may be eligible for the subsidy and work with their COBRA administrator to determine who will assume responsibility for sending out the required notices.