



News & Types: Employment, Labor & Benefits Update

Masuda Funai Benefits Newsflash - Free COBRA April 1, 2021 through September 30, 2021; Notices Released

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Practices: Employment, Labor & Benefits

Assistance Eligible Individuals (“AEIs”) who elect COBRA continuation coverage do not pay any COBRA continuation premiums during the period April 1, 2021 through September 30, 2021 (the “Subsidy Period”). 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 100% federal COBRA subsidy for AEIs during the Subsidy Period. In short, 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 prior to April 1, 2021 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. In most cases, employers will pay the AEI’s COBRA premium(s) and take a tax credit. On Wednesday, April 7, 2021, the Department of Labor released a FAQ about the COBRA premium assistance under ARPA and several model notices and election forms for plan sponsors to use to meet their compliance obligations. Because ARPA imposes immediate notice obligations on all plan sponsors who must comply with COBRA or state mini-COBRA laws, we strongly encourage all HR and Benefit managers to review these new and immediate obligations.