

The American Rescue Plan Act - COBRA Subsidy

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA) of 2021. This law is designed to provide additional relief with respect to the ongoing COVID-19 pandemic and includes several important changes to COBRA coverage.

ARPA offers a federal subsidy of 100 percent of the COBRA continuation coverage premiums for qualified beneficiaries who are within their COBRA eligibility time period during the subsidy availability timeframes which are April 1, 2021 through Sept. 30, 2021 and their COBRA qualifying event was the covered employee's involuntary termination of employment or reduction of hours. These individuals are referred to as Assistance Eligible Individuals (AEIs).

ARPA allows qualified beneficiaries who meet the criteria below to elect COBRA and qualify for subsidized premiums:

- 100% subsidy for those who were involuntarily terminated or who had a reduction in hours (excludes those who voluntarily terminated or who were terminated for gross misconduct).
- Subsidy period is April 1, 2021 through Sept. 30, 2021.
- Includes those previously terminated who have or would have had COBRA eligibility during the subsidy period.
- Provides for a new special 60-day election period for those who are eligible per the Act and who previously did not elect COBRA coverage or who were cancelled for non-payment or who dropped COBRA coverage but are still within their COBRA period.
- Employer provides subsidy and recovers subsequently through payroll tax credits.

What we need from you?

- Review your records to identify former employees who were involuntarily terminated or experienced loss of benefits due to a reduction in hours. The deadline to identify these individuals and submit the information is **April 9, 2021**. As your plan administrator, we are required to send out a revised notification to all eligible participants within 60 days. Please include the following for all former employees who qualify:
 - Name
 - Social Security Number
 - Original COBRA Qualifying Event Date
 - Original COBRA Qualifying Event Type
 - Please note this must be reported on an ongoing basis through the end of the subsidy period.
- The Act allows – but does not require – employers to offer AEIs the option to change their group health insurance coverage when making a COBRA election under the employer's plan. This new coverage option must have the same or lower premiums and must be available to similarly situated non-COBRA employees under the plan.
IMPORTANT: This provision is optional, and an employer is not required to make this option available to comply with the Act.

Do you, as the employer, want to allow AEIs the ability to change plans? Please provide response when supplying member eligibility date (noted above).

Please complete your review by April 9, 2021 and email the required information to cobracordinator@bcbsil.com If you have questions or concerns, please call 888-5417107 (Monday-Friday 8:00AM- 4:30PM CST).

Refer to these Frequently Asked Questions for more details.

Enclosure