



What Agents and Brokers Need to Know About the American Rescue Plan Act of 2021



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COBRA

- The **Consolidated Omnibus Budget Reconciliation Act (COBRA)** allows employees and their beneficiaries the option to keep group health coverage at group rates temporarily, after certain qualifying events that would otherwise terminate their eligibility for the coverage, likely at the consumer's own cost.
- Employers decide whether or not they will contribute to their employee's premiums under COBRA. Consumers may be responsible for up to 102 percent of the monthly premium by themselves.



COBRA Under ARP

- Under ARP, individuals who are eligible for COBRA coverage because of their own or a family member's reduction in hours or an involuntary termination from employment and who elect COBRA coverage may be eligible for a full premium subsidy that covers the entire cost of COBRA.
- This premium subsidy is available from April 1 until September 30, 2021.



COBRA Under ARP (continued)

- Consumers who were offered COBRA and declined to elect COBRA at that time, or elected COBRA and later discontinued it, may have another opportunity to elect COBRA coverage and get the full premium subsidy, if they are still within the period of time that they could have had COBRA coverage (generally 18 months from the employee's reduction in hours or involuntary termination).
- This extended election period does not extend the period of COBRA continuation coverage beyond the original maximum period (generally 18 months from the employee's reduction in hours or involuntary termination).
- COBRA coverage elected in this extended election period begins with the first period of coverage beginning on or after April 1, 2021.

COBRA Under ARP: Notices

- Individuals eligible for the extended COBRA election period will receive a notice within 60 days of April 1, 2021 – that is, no later than May 31, 2021.
- The notice will provide additional detail about the premium assistance and how to request it.
- Individuals have 60 days after the consumers is provided the notice to elect COBRA.



COBRA Under ARP: Important Considerations

- Eligibility for Medicaid, or eligibility for Marketplace coverage, does not make you ineligible for COBRA or for the premium subsidy.
- Consumers who are or become eligible for other group health coverage* such as through a new employer's plan or a spouse's plan or who are eligible for Medicare, **are not eligible for the premium subsidy.**
- Consumers receiving the COBRA premium subsidy must notify their plan if they become eligible for coverage under another group health plan* or for Medicare. Failure to do so can result in a tax penalty.

* Not including excepted benefits, a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA), or a Flexible Spending Arrangement (FSA)

COBRA Under ARP: Notice of Expiration



- ARP also requires group health plans to provide a Notice of Expiration of Period of Premium Assistance to individuals whose premium assistance is ending (whether due to the expiration of their COBRA continuation coverage or the expiration of the period of premium assistance), explaining that the premium assistance will expire soon; the date of expiration; and an explanation of available coverage options.
- Note that this notice is not required for individuals whose premium assistance is ending because they became eligible for another group health plan* or Medicare.
- This notice must be provided within the period that is 15 to 45 days before the date of expiration.

* Not including excepted benefits, a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA), or a Flexible Spending Arrangement (FSA)

How Agents and Brokers Can Help with COBRA

- Help eligible consumers understand the notices that they receive related to the COBRA premium subsidy.
- Let eligible consumers know that if they would like to stay on COBRA or newly elect COBRA their COBRA premium may be subsidized at 100 percent from April 1 through September 30, 2021.
- Remind eligible consumers that they'll no longer be eligible, and must notify their plans if they become eligible, for coverage under another group health plan* or if they become eligible for Medicare. Failure to do so can result in a tax penalty.
- Remind consumers who elect COBRA continuation coverage that they can switch to a Marketplace plan during a Marketplace open enrollment period or can end their COBRA continuation coverage early and switch to a Marketplace plan if they have another SEP qualifying event such as marriage or birth of a child.

* Not including excepted benefits, a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA), or a Flexible Spending Arrangement (FSA)