



COBRA Administration Implications

American Rescue Plan Act of 2021



Please note this document was updated as of 4/7/2021 to reflect the latest Department of Labor guidance. The following summary of the ARPA is the interpretation of Travisoft and its legal counsel. We strongly urge you to seek legal counsel when determining your administrative practices.

Summary

President Biden signed into law, the American Rescue Plan Act of 2021 (ARPA) on March 11, 2021. Within this relief package, a provision was made for fully subsidized COBRA premiums for employees and their family who lost their group health plan coverage due to involuntary termination or reduction in hours. The 100% subsidy will begin for coverage months of April 1st, 2021 through September 30th, 2021. COBRA premiums will be paid to their carrier(s) by the employer and are credited back by a credit on their quarterly payroll taxes.

Who is Eligible for the Subsidy?

A qualified beneficiary (QB) who lost group health plan coverage due to an involuntary termination or reduction of hours is referred to as an Assistance Eligible Individual (AEI). This would include QB's who whose election period has expired, those in their election period and those currently enrolled in COBRA coverage and whose original period of coverage would fall within the coverage months of April through September of 2021 should they have originally elected coverage. QB's are not eligible for the subsidy if they were eligible for other coverage, including coverage under a spouse's plan or Medicare. The QB self-certify with their forthcoming ARPA notification that they are indeed eligible. Per the DOL [guidance issued on 4/7/2021](#), the COBRA premium assistance is also available for group health insurance required under state mini-COBRA laws.

How Does the Subsidy Work?

AEIs will receive up to six months of fully subsidized COBRA premiums, including the 2% administration fee, at no cost to them. The AEI's period of COBRA coverage must fall within the period of April 1st, 2021 to September 30th, 2021. The coverage and subsidy will end earlier if COBRA has been exhausted earlier than the September 30th, 2021, or if they become eligible for other coverage or Medicare and the AEI is responsible for notifying the employer if their eligibility changes. Similarly, AEI's whose COBRA would not begin until after the start of the subsidy, can elect the subsidy beginning with the start of their COBRA coverage. AEI's may not have to continue coverage prior to or after the period of subsidized coverage, which is departure from traditional COBRA practice. For Example, an AEI whose COBRA would have began 2/1/21, can elect COBRA for the period beginning with the start of the subsidy, 4/1/21 and not elect or pay premiums for February or March 2021.

How Will AEIs Enroll?

Possible AEI's who did not previously elect coverage, are enrolled or waiting to elect coverage will be given a new election opportunity once they receive a revised Election Notice describing the ARPA provisions for COBRA. The AEI must elect coverage within 60 days of receipt of the revised Election Notice. This generally applies to an individual who experienced an eligible Qualifying Event date starting October 1st, 2019. New Qualifying Events going forward until after the period of ARPA subsidy is exhausted, should receive the ARPA notification with their COBRA Notification, and their election periods shall remain the same.

Additionally, group health plans have the option to offer AEI's the option to enroll in a different group health plan offered by the employer within 90 days following the ARPA Notification if the premium is lower cost than the current. This is not required and is an option by the Employer.

For premiums already paid by the AEI for April-Sept, the guidance may require the premiums to be refunded, either by the administrator, or to the employer if already disbursed.

How Does ARPA Affect the COVID-19 National Emergency Relief?

The availability of subsidized premiums with ARPA does not change the tolling period of the COBRA deadlines that apply on an individual basis. The tolling period began March 1, 2020 and ends one (1) year from the date the deadline would have began running for that individual. AEI's who wish to elect the subsidy must do so within the 60-day election window, but this applies only to the subsidy. Individuals still have their remaining tolling period for election and payments separate from the subsidy.

What Changes Will Be Required to Our Administration Procedures?

While each administrator's practices can vary, generally speaking, we have identified a few areas that we feel your day to day will be impacted in some way:

- ✓ Renotifying possible AEIs, which could be a significant portion of the last 18 months COBRA notification volume.
 - **TIP:** We are working on this to make it as easy as possible. When the notifications are ready, we would recommend to stagger the notices over a period of time to prevent the same election due date.
 - If you need help fulfilling Print volume, we can assist with Print Fulfillment.
- ✓ Increased call/email volume from possible AEIs and employers with questions about the guidance.
 - **TIP:** Consider updating hold music and auto-response messages with Frequently Asked Questions.
 - **TIP:** Post on your website (i.e., a landing page, with no login required) FAQs with frequent updates and have a version ready for service team members to email to employers and AEIs.
- ✓ Significant elections over a short period of time and subsequent eligibility updates to carriers for past AEIs and increased volume of elections for duration of the subsidy.
 - **TIP:** Identify and train additional support staff on election processing and eligibility updates.
 - **TIP:** Consider staggering notification volume for past AEIs so that the end of the election period does not fall on the same date for each AEI.
 - **TIP:** Revisit processes for identifying eligibility updates to process as a "batch", by running a report or collecting elections over a period of several days.
- ✓ Increased reporting requests from Employers.
 - **TIP:** Consider additional training measures for basic system use for employers to self service for reports needs such as written training material, pre-recorded training, or live training webinars.
- ✓ Increased Termination activity to carriers upon end of subsidy.
 - **TIP:** Identify and train additional support staff on termination eligibility updates.

What Should We Do Right Now?

Travisoft is working on system functionality to assist our customers with notification/re-notification for the ARPA Notice to possible AEs, We are also working on a method to process the election and reflect the subsidy and reporting updates to identify subsidized premiums for those enrolled. A few additional recommendations for preparation include:

- ✓ Educate your existing team(s) on the details that have been released so far, to ensure everyone is prepared and differentiating between the tolling period for COVID-19 relief and the ARPA timelines.
- ✓ Familiarize yourself and review the FAQs available on the [DOL website](#).
- ✓ Communicate initial plans and timelines to customers.
- ✓ Discuss preliminary procedures with your teams and customers about issuing the new ARPA Notification to ALL QEs generally from October 1, 2019 forward, since many do not track voluntary/involuntary termination. Also consider the applicable refund process if any future premiums have been received already.
- ✓ Consider staffing needs for re-notifications and elections and provide system training where needed. Many customers have plans to reallocate finance/payment processing resources to assist with elections, eligibility updates and customer service due to the reduction in payments during this period.

