

Most Frequently Asked Questions

COBRA Premium Subsidy

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The *American Rescue Plan Act of 2021*, signed into law by President Biden on March 11, 2021, includes provisions that affect employee benefits plans including a **temporary 100% federal subsidy of COBRA payments**. Here are our **most Frequently Asked Questions**:

Q: Who's eligible to qualify for the subsidy?

A: *Individuals who lost coverage and became Cobra eligible due to **involuntary termination or reduction in hours** (voluntary and gross misconduct terminations are NOT eligible). This includes those who: are currently on or newly eligible for COBRA; were previously COBRA eligible but did not elect; or who's coverage lapsed (with a loss of coverage starting November 1, 2019 or afterwards). **Those that are eligible for Medicare or other group coverage are not eligible for this subsidy.***

Q: What benefits are eligible for the subsidy?

A: *The full COBRA premium (including 2% COBRA administration fee) for enrolled **medical, dental & vision coverage** during the subsidy period.*

Q: What is the premium subsidy period?

A: *The **six months** beginning **April 1, 2021** and ending **September 30, 2021** or until their COBRA coverage expires, whichever comes first. Additionally, if an individual becomes eligible for Medicare or other group coverage (including a spouse's employer-sponsored health plan), the subsidy will end effective the end of that month.*

Q: How is the COBRA subsidy administered?

A: *Cobra administrators are required to send a **COBRA subsidy notice to those who may be subsidy eligible** by May 31, 2021. Those currently on COBRA and who qualify for the subsidy will not be billed by the COBRA administrator during their subsidy period. Those currently **NOT on COBRA may now elect COBRA coverage for the period beginning April 1, 2021**, without requiring payment of retroactive premiums to their original loss of coverage date.*

Q: How is the employer reimbursed for subsidized COBRA?

A: *As COBRA premiums are traditionally billed by insurance carriers to each employer plan sponsor, employers will need to apply for subsidy reimbursement by offsetting eligible COBRA subsidies with a **credit towards their federal payroll taxes filings**. Non-subsidized COBRA coverages will continue to be billed by the COBRA administrator and premiums remitted to the employer sponsor.*

For further assistance or questions, contact your Benefit Pro rep (619) 294-7800 or sales@benefitpro.com