

Blog Post

Deadline Looms to Notify Current and FORMER Employees of COBRA Premium Subsidy

May 20, 2021

Employers, if you had employees who had been on your group health plan **who were involuntarily terminated or whose hours were reduced as early as November 1, 2019**, read this! If those employees became eligible for COBRA and did not elect COBRA coverage when it was first offered, OR if they originally elected it but are no longer enrolled, employers **must notify them by May 31** of a special COBRA subsidy available to them.

Specifically, the American Rescue Plan Act 2021 (ARPA) includes a 6-month, 100 percent COBRA subsidy for employees/former employees who are eligible for group health plan continuation coverage during the period from April 1, 2021 through September 30, 2021, because of a qualifying event that was either a reduction in hours or an involuntary termination of employment. In other words, the ARPA COBRA subsidy includes *an additional election period* for qualified beneficiaries if the qualifying event was a reduction in hours or an involuntary termination of employment *prior to April 1, 2021* and they (1) did not elect COBRA continuation coverage when it was first offered or (2) elected COBRA continuation coverage but are no longer enrolled. Eligible individuals must receive a notice informing them of the additional election opportunity. **The notice of an additional COBRA election opportunity must be provided by May 31,**

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2021. The U.S. Department of Labor's position is that employers and plans may be subject to Internal Revenue Code excise taxes which can be up to \$100 per COBRA qualified beneficiary (but not more than \$200 per family) for each day that a plan or employer violates COBRA's requirements. ARPA covers a lot of ground, so be sure that this is on your radar. If you would like additional information about the ARPA COBRA subsidy, see the following blog posts:

- [New COBRA Obligations for Employers Included in Biden's \\$1.9 Trillion Stimulus](#)
- [ARPA COBRA Premium Subsidy – Time for Employer Plans to Update COBRA Notices](#)

For further guidance on the subsidy or other workplace questions, contact your Akeman lawyer.

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