




ARPA & COBRA: What HR & Benefits Leaders Need to Know


May 19, 2021



Navigating the uncharted & everchanging HR environment

The one thing that is certain is CHANGE:

- Volatile labor market
 - Upskill? Reskill? Shortages?
- Return to Office strategies
 - Remote? Hybrid?
- Vaccine Strategies/approach
- Engage people “where they are”
- Ever-changing regulations/Guidelines



Just when we think we've
had enough change...

2021 Will Be A Year Of Job Turnover

- People hunkered down in 2020
- People are re-thinking their options
- People are ready to move closer to home
- Jobs have changed
- People want control over something

American Rescue Plan Act of 2021 (ARPA) and the Consolidated Omnibus Budget Reconciliation Act (COBRA)



American Rescue Plan Act of 2021 (ARPA)



- President Biden signed ARPA into law on March 11
- Provides relief to US workers as they face critical decisions about their health coverage
- Federal government will pay 100% of COBRA insurance premiums for eligible employees and for their covered



Who is eligible?

- Assistance Eligible Individual (AEI)
 - COBRA qualified beneficiary meeting the following requirements from April 1, 2021 – September 30, 2021:
 - Eligible for COBRA Continuation Coverage
 - Reason of a qualifying event that is a reduction in hours (such as reduced hours due to change in a business's hours of operations, a change from full-time to part-time status, taking of a temporary leave of absence, or an individual's participation in a lawful labor strike, as long as the individual remains an employee at the time that hours are reduced) or an involuntary termination of employment (not including a voluntary termination); and
 - Elects COBRA continuation coverage



Notice Requirements

- US Department of Labor (DOL) posted guidance and model notices to help with compliance for the federal COBRA premium subsidy
- A general notice to all qualified beneficiaries who have a qualifying event that is a reduction in hours or an involuntary termination of employment from April 1, 2021 through September 30, 2021
- This notice may be provided separately or with the COBRA election notice following a COBRA qualifying event



Notice Requirements

- Extended COBRA election period to any Assistance Eligible Individual (AEI), or any individual who would be an Assistance Eligible Individual if a COBRA continuation coverage election were in effect, who had a qualifying event before April 1, 2021
- Requirement does not include those individuals whose maximum COBRA continuation coverage period, if COBRA had been elected or not discontinued, would have ended before April 1, 2021
 - Generally, those with applicable qualifying events before October 1, 2019
- Notice must be provided within 60 days following April 1, 2021 (by May 31, 2021)



Notice Requirements

The notices must include the following information:

- Forms necessary for establishing eligibility for the premium assistance
- Contact information for the plan administrator or other person maintaining relevant information in connection with the premium assistance
- Description of the additional election period (if applicable to the individual)
- Description of the requirement that the Assistance Eligible Individual notify the plan when he/she becomes eligible for coverage under another group health plan or eligible for Medicare and the penalty for failing to do so
- Description of the right to receive the premium assistance and the conditions for entitlement

and

- If offered by the employer, a description of the option to enroll in a different coverage option available under the plan



Case Studies



An employee was fired for poor performance last year. The employee went to another company, but his employment was recently terminated for poor performance.

Which company is required to send COBRA notices and offer fully subsidized COBRA?



A former employee is not "assistance eligible" if he is eligible for another employer's plan.

What if the former employee satisfies the eligibility requirements for the other employer's plan but is not in an open enrollment or special enrollment window where he could actually enroll in the other plan?



A company recently fired an employee for dishonesty.

Does this qualify as gross misconduct that would make the employee ineligible for the COBRA subsidy?





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