



THE LOCAL CHOICE E-NEWS

Department of Human Resource Management State and Local Health Benefits Programs

May 7, 2021

ARPA COBRA Employee Subsidies

The American Rescue Plan Act (“ARPA”) provides temporary COBRA subsidies for employees who are involuntarily terminated (other than for gross misconduct) or experience a reduction in hours. The COBRA subsidy amount is 100% of the cost of COBRA coverage and is available from April 1, 2021 to September 30, 2021.

As an employer, it is your responsibility to determine who meets the criteria below and send them the appropriate notice. In the coming days we will provide additional guidance on the direct bill process and how it will work.

The Department of Labor (“DOL”) has issued five model COBRA notices for employers to use in administering the COBRA subsidy provisions:

- **Model Notice for a Qualifying COBRA Event that occurred before April 1, 2021.** The notice must be sent to qualified beneficiaries who incurred an eligible qualifying event on or before April 1, 2021.
- **Model Notice for a Qualifying COBRA Event that occurs during the COBRA subsidy period.** For qualified beneficiaries who experience a qualifying event between April 1, 2021 and September 30, 2021.
- **Model Notice for Insured Coverage.** The Model Notice for qualified beneficiaries who have insured coverage and are subject to state continuation coverage requirements between April 1, 2021 and September 30, 2021.
- **Model Election Notice.** In addition, the DOL issued a model election notice that may be provided with any of the above model notices. The model election notice allows individuals to elect coverage or request coverage if the plan fails to provide notice to a qualified beneficiaries, attest to their status as a qualified beneficiaries, and inform the plan if they are no longer eligible for the COBRA subsidies due to other group health plan coverage or Medicare.
- **Model Expiration Notice.** A plan is also required to notify qualified beneficiaries of the expiration of the COBRA subsidies 15 to 45 days before the earlier of September 30, 2021, or the end of the qualified beneficiary’s maximum COBRA continuation coverage period.

An employer that fails to provide the appropriate information to qualified beneficiaries may be subject to an excise tax of \$100 per qualified beneficiary, or up to \$200 per family, for each day of noncompliance.

If you have questions, please refer to this link which leads you to the DOL website to obtain the official guidance: <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra/premium-subsidy>

Since COBRA is a federal law, the administrative duties are the responsibility of the employer. The Local Choice Program cannot provide any additional support.

Please do not reply to this e-mail. You may send inquiries to The Local Choice mailbox at tlc@dhrm.virginia.gov.