

April 20, 2021, HBR Alert



New COBRA Subsidies Under the American Rescue Plan Act

On March 23, the State Health Plan released an [HBR Alert](#) highlighting the new COBRA subsidies included in the [American Rescue Plan Act of 2021](#). Since that time, additional guidance has been released related to the notification and attestation portion of the program. Guidance related to employer reimbursement for the subsidies is still forthcoming.

The Plan to Get Started:

- **Notification:** By May 31, 2021, the Plan must notify former members and current COBRA participants who may be eligible for the program about the program and the process to enroll.
- **Eligible participants:** Because not all employing units currently utilize the “involuntary” termination reason code when processing an employment termination, the Plan will have to cast a wide net on the initial notifications process to ensure all eligible members are notified:
 1. Identify all members terminated with any employment termination code except retirements from **October 2019 through April 2021**.
 2. Add any members that canceled coverage with a reduction in hours qualifying life event.

3. Remove any of the members from 1 & 2 above that are currently enrolled in Plan benefits by a new employing unit.
 - **Interested participants** will be directed to the Plan's COBRA Administrator's member portal to request enrollment in the program and attest to meeting all the qualifications.
 - **Employer validations:** The Plan will contact the employing unit of the former employees' requests and seek validation of eligibility. The employing unit will be given a fairly short turnaround time to confirm compliance.

Ongoing Enrollment in the Program:

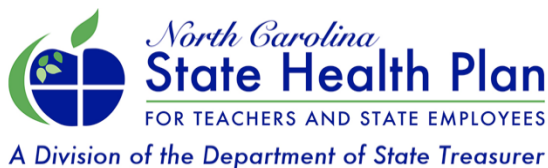
FOR THIS TO WORK ON AN ONGOING BASIS, IT IS IMPERATIVE THAT ALL EMPLOYING UNITS PROCESS EMPLOYMENT TERMINATIONS WITH THE APPROPRIATE VOLUNTARY OR INVOLUNTARY TERMINATION REASON CODE.

Beginning May 1, 2021, only members who are terminated with an involuntary employment termination reason code or a reduction in hours qualifying life event will be offered the COBRA subsidy.

Still to Come

The Plan still has a lot of details to refine so there will be more information coming about the initial notice and validation process. Of equal importance is the reimbursement process. Based on information provided to date, the Plan believes that process will start as early as July.

More information will be provided as soon as guidance is available.



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