

March 23, 2021, HBR Alert



New COBRA Subsidies under the American Rescue Plan Act

Earlier this month, Congress passed the American Rescue Plan Act of 2021. A portion of that federal legislation included COBRA subsidies for employees and family members who lost coverage because of an involuntary termination or a reduction in hours after November 1, 2019.

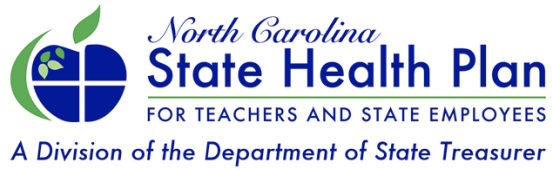
This impacts eligible members who elected COBRA at the time of their qualifying event as well as any members who were offered COBRA due to these termination reasons but opted not to enroll at the time of their qualifying event. Those who qualify will have a \$0 premium for April through September 2021, or any months in this 6-month window for which a member is eligible. As the Plan had already issued the April 2021 invoices when this bill was signed into law, retroactive adjustments will be required for qualified COBRA participants.

While the Plan is responsible for ensuring qualified members are offered this temporary benefit, employing units will be responsible for reimbursing the Plan for the cost of the program. Employing units will offset the cost by claiming a credit against Medicare payroll taxes.

The Plan is working with iTEDIUM and Benefitfocus to solidify our processes for meeting these new requirements. We hope to be able to

provide all the details of the Plan's response to this new program within the next couple of weeks.

More to come!



Dale R. Folwell, CPA
STATE TREASURER OF NORTH CAROLINA
DALE R. FOLWELL, CPA

The signature of Dale R. Folwell, CPA is written in a green cursive font. Below the signature, the text "STATE TREASURER OF NORTH CAROLINA" and "DALE R. FOLWELL, CPA" is written in a blue sans-serif font.