

## FREQUENTLY ASKED QUESTIONS

### **What is COBRA?**

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that applies to employers with 20 or more employees that allows a person who loses their employer-sponsored group health insurance to remain in that coverage if they experience a qualifying event such as termination of employment or reduction of hours to part-time status.

### **What are the COBRA provisions in the American Rescue Plan Act of 2021 (ARPA)?**

ARPA contains provisions to subsidize 100% of COBRA premiums (including any administrative fees) for qualifying individuals and coverage from April 1, 2021 - September 30, 2021

### **Are Group Health Plans required to provide financial subsidies for COBRA and Cal-COBRA premiums?**

Yes. Section 9501 of the American Rescue Plan Act requires a group health plan providing COBRA continuation coverage and continuation coverage under the state "COBRA" laws, to provide a temporary financial subsidy for COBRA premiums, including both Federal and State continuation coverage programs, to eligible/qualified individuals (and their beneficiaries).

### **Who is eligible to receive COBRA and Cal-COBRA premium subsidies?**

Individuals and their beneficiaries who have lost their employer-sponsored health coverage due to involuntary termination or reduction in work hours are eligible. Additional eligibility requirements include:

- Must elect COBRA continuation coverage.
- Must not be eligible for Medicare.
- Must not be eligible for coverage under any other group health plan, such as a plan sponsored by a new employer or a spouse's employer.

### **Can eligible individuals join or re-join COBRA coverage?**

Yes. Individuals who would have been eligible to enroll in COBRA coverage but did not enroll, as well as those who enrolled in COBRA but then unenrolled, can join or re-join COBRA coverage effective 4/1/2020 with a lapse in coverage, provided they are still within their maximum period of COBRA coverage as determined based on the date of their original qualifying event.

### **Can individuals enroll in coverage if their COBRA coverage window has passed?**

No. Individuals cannot enroll in coverage if their maximum COBRA coverage window (either 18 or 36 months from their qualifying event) has passed, and coverage cannot extend beyond the maximum 18- or 36-month window, as applicable.

### **Is an individual who voluntarily ends their employment eligible for the COBRA premium subsidy?**

No. Individuals who qualify for COBRA coverage due to other qualifying events, such as a voluntary termination of employment, are not eligible for the COBRA premium subsidy.

### **Will COBRA election notices with COBRA premium subsidy information need to be sent to eligible individuals?**

Yes. All qualified beneficiaries who become entitled to elect COBRA coverage due to ARPA, or who may qualify for a COBRA subsidy due to ARPA (either as a current COBRA enrollee or a newly COBRA eligible individual), must be provided a COBRA election notice that includes information about the availability of the premium subsidy.

**How is the COBRA premium subsidy allocated?**

The COBRA premium subsidy amount is advanced by the employer or plan and will be reimbursed by the federal government through a credit against payroll taxes.

**Are eligible individuals required to pay for their COBRA continuation coverage?**

No. Eligible individuals who have elected subsidized COBRA coverage are not required to pay their COBRA continuation coverage premiums during the period of subsidized coverage, and the amount of the COBRA premium subsidy is not taxable to the eligible individual.

**Will Blue Shield refund a subsidy-eligible individual if they already paid their Cal-COBRA continuation premiums?**

Yes. Blue Shield must refund an individual within 60 days if they already paid their Cal-COBRA continuation coverage premiums.

**Is Blue Shield responsible for the Cal-COBRA tax credit?**

Yes. BSC is responsible for the tax credit for any Cal-COBRA premiums, including for individuals who have transitioned from federal COBRA to Cal-COBRA.

**Who is responsible for obtaining the tax credit for Federal COBRA coverage for employer sponsored fully insured or self-funded plans?**

Employer groups will continue to pay COBRA premiums per their contract and will recover premium subsidies via quarterly employer (payroll) taxes.

**When must Group/COBRA administrators provide a new COBRA election notice to qualifying individuals?**

Group / COBRA administrators must provide new election notice within 60 days of 4/1/21 (by 5/31/21) to all qualifying individuals who lost coverage due to involuntary termination or reduced hours. Individuals must attest to their eligibility.

**When will Blue Shield provide new Cal-COBRA election notices to qualifying individuals who lost coverage due to involuntary termination or reduced hours?**

Blue Shield is the Cal-COBRA administrator, and we must provide a new election notice within 60 days of 4/1/21 (by 5/31/21) to all qualifying individuals who lost coverage due to involuntary termination or reduced hours.

**When must Blue Shield send a “subsidy expiration date” notice to individuals?**

Blue Shield will send a notice to subsidized Cal-COBRA individuals within 45 to 15 days prior to the subsidy expiration date providing them with the date their COBRA subsidy will end, and that they may be eligible to continue coverage without premium assistance through COBRA continuation coverage or group health coverage. This notice requirement does not apply where subsidy eligibility expires due to the individual's eligibility for coverage under another employer-sponsored plan or Medicare.