

The American Rescue Plan Act (ARPA)

Updated: April 16, 2021



Questions? We've got answers.

The recently passed American Rescue Plan Act impacts COBRA and State Continuation (mini-COBRA) benefits and payments. This guide is intended to answer questions that employers may be facing.

This document is for general information and discussion only. It is not a full analysis of the matters presented and may not be relied upon as legal or tax advice. Consult a lawyer or tax professional for more information.

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Q. What is the COBRA subsidy outlined in ARPA?

A. ARPA's mandatory federally funded COBRA subsidy provision requires insurers and employers to provide "assistance eligible individuals" (AEI) with a 100% subsidy for premiums otherwise owed for COBRA coverage during the period from April 1, 2021 to September 30, 2021. The party who makes the premium payment is eligible for the federal tax credit.

Q. Which employers need to provide the subsidy?

A. ARPA Employers subject to COBRA continuation requirements must provide the subsidy to assist eligible individuals. COBRA generally applies to all private sector group health plans maintained by employers with at least twenty employees. Several states have mini-COBRA laws that apply to employers that do not meet the twenty-employee threshold.

Q. What plans are subject to the subsidy?

A. The COBRA subsidy is applicable to both fully insured and self-insured plans. The subsidy applies to COBRA coverage under medical, dental and vision plans, but not health flexible spending accounts.

Q. Under ARPA, who is responsible for making the COBRA and mini-COBRA premium payments—the former employer or the insurer? Who is eligible to receive the tax credit?

A. Premium payment responsibility and tax credit eligibility is based on the type of coverage.

COBRA: Humana will bill the Employer Group for the COBRA premium. The former employer is responsible for the subsidized premium payments, which will qualify the employer to receive the tax credit.

State Continuation (mini-COBRA): Humana will not bill the Employer Group for the State Continuation (mini-COBRA) premium. The insurer is responsible for the subsidized premium payments, which will qualify the insurer to receive the tax credit. A process is being established to support this subsidy and will be communicated to the employer group and/or member as soon as possible.

Q. How will Humana coordinate the new ARPA State Continuation (mini-COBRA) enrollments?

A. New State Continuation (mini-COBRA) packets will *not* be sent out for previously termed members, who did not elect State Continuation coverage at the time of their termination. Existing State Continuation members, or new members effective on or after April 1, 2021, will receive a communication from Humana's Billing department, outlining the premium subsidy and how it will be applied to their account.

Q. Does ARPA impose any new notice requirements that employers need to take action on?

A. Yes. Plans and issuers are required to notify qualified beneficiaries regarding the premium assistance and other information about their rights under ARPA. Employers can view details around the various notice requirements and deadlines on the [Department of Labor's FAQs](#).

The Department of Labor has also issued [model notices](#) that are available in modifiable, electronic format for plans and issuers.

Q. When enrolling an individual in COBRA, we are currently required to enter the effective date as the 1st of the month following the termination. Under the American Rescue Plan Act (ARPA), it appears that employees can elect COBRA effective April 1, 2021, to take advantage of the subsidy, regardless of when their coverage terminated. Will Humana's online portal allow April 1, 2021 enrollment, even if an employee's coverage terminated prior to March 31, 2021?

A. ARPA does not alter the COBRA guidelines for timely enrollment.

Example: If an employee terminated effective February 28, 2021, their COBRA effective date would be March 1, 2021. The election for coverage in March 2021 will still be in the Outbreak Period and the employee will not be required to make a final decision on this until the end of the Outbreak Period, or one year from their standard election deadline, if earlier.

Q. Will the subsidy apply retroactively, for individuals who enrolled in COBRA coverage between March 1, 2020 and March 31, 2021?

A. The subsidy and/or tax credit applies beginning April 1, 2021 and cannot be applied retroactively. As long as the individual is active and is still within their COBRA coverage eligibility period, the Employer Group should qualify for the tax credit beginning on April 1, 2021.

Q. Can a member still enroll if they previously declined COBRA coverage?

A. Yes. As long as the member is still within their COBRA eligibility period, the member can still enroll in COBRA coverage to be effective on April 1, 2021. The expiration date of COBRA coverage is calculated based on the original termination date. The subsidy would begin on April 1, 2021 and end on September 30, 2021, or at the end of their COBRA eligibility, whichever comes first.

If the individual newly elects COBRA coverage the individual is entitled to the COBRA subsidy beginning April 1, 2021, without having to elect and pay for COBRA coverage retroactively for any months prior to the Subsidy Period.

Q. When does the subsidized premium expire?

A. The subsidy will continue until the COBRA maximum coverage period expires, the COBRA participant becomes eligible for another group health plan or Medicare, or on September 30, 2021, whichever comes first.

Q. Is the 18 months of COBRA eligibility based on the member's original termination date or on the April 1, 2021 effective date?

A. The 18 months of COBRA eligibility is based on the member's original termination date from their employer group plan.

Q. Does ARPA change the State Continuation eligibility for LFP groups with less than twenty employees?

A. No. The members associated with LFP groups with less than twenty employees are not eligible for State Continuation or COBRA coverage. These members may qualify for subsidies being offered for the Marketplace plans.

Q. Can an employee qualify for a special enrollment period (SEP) to enroll in individual market health insurance coverage (e.g. Health Insurance Marketplace[®]), when COBRA premium assistance ends or their maximum COBRA coverage period expires?

A. Yes. When COBRA premium assistance ends, the employee may be eligible for a SEP to enroll in coverage through a Health Insurance Marketplace[®], or to enroll in individual health insurance coverage outside of the Marketplace. The employee may also qualify for a SEP when they reach the end of their maximum COBRA coverage period. For more information about this SEP, [click here](#).

For more information about enrolling in Marketplace coverage, see: HealthCare.gov, or call 1-800-318-2596 (TTY: 1-855-889-4325). If your state has its own Marketplace platform, find contact information your state Marketplace by [clicking here](#).

An employee may apply for and, if eligible, enroll in Medicaid coverage at any time. For more information, [click here](#).

What if I have more questions?

The Department of Labor recently unveiled a website dedicated to implementation of the temporary expanded COBRA subsidies. Visit dol.gov/cobra-subsidy to learn more.

Please continue to use your Single Point of Contact as a resource or use the dedicated service line for all of your COVID-19 related questions. Phone number: 1-800-592-3005 and Email: COVIDquestions@humana.com

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