

ARPA COBRA Subsidy - Update from ABG

5/19/2021

In response to your questions and requests, this week's update is focused on providing additional clarity on the letters being sent to the participants and the billing process. Our original communication intended for this week will be sent next week, surrounding the Member experience going forward.

IN CASE YOU MISSED IT!

- Yesterday the IRS released Notice 2021-31 which provided guidance surrounding the ARPA COBRA Subsidy in a 41 page Notice, answering 86 questions. You can access this Notice here: <https://www.irs.gov/pub/irs-drop/n-21-31.pdf>. While we are still reviewing this guidance and not immediately able to address questions surrounding it, we will be including highlights in future communications.

CLARIFICATION ON COMMUNICATIONS

*Note: Anywhere the Attestation is listed, this is only applicable if the Employer completed and returned an Attestation Request Form.

WHO WILL RECEIVE THE ARPA NOTICES, AND WHAT NOTICE WILL THEY RECEIVE?

To clarify this we have distinguished the Members into three groups:

GROUP 1: Lookback Period A – QBs with a first day of COBRA prior to 4/1/2021

GROUP 2: Lookback Period B – QBs with a first day of COBRA 4/1/2021 or greater, that were added to the system prior to 5/13/2021

GROUP 3: Ongoing QBs – QBs added after 5/13/2021

The following applies for QBs in **GROUP 1: Lookback Period A – QBs with a first day of COBRA prior to 4/1/2021**

- QBs with an AEI status as “Unknown” or “Ineligible” will not receive any Notices.
- QBs with an AEI Status marked as “Eligible” will receive the various Notices outlined below, depending on their current COBRA status.
- The Employer will be charged \$15/QB.
- The Employer will be charged an additional \$3.75/QB if they have opted in to the Attestation.

| Current ABG COBRA Status | AEI STATUS | First Day of COBRA | Letter(s) |
|--------------------------|------------|--------------------|--|
| Terminated | Eligible | before 4/1/2021 | Subsidy Eligible Notice w/2 nd Election; Attestation* |
| Pending | Eligible | before 4/1/2021 | Subsidy Eligible Notice w/2 nd Election; Attestation* |

The following applies for QBs in **GROUP 2: Lookback Period 2 – QBs with a first day of COBRA 4/1/2021 or greater, that were added to the system prior to 5/13/2021**

- ALL QBs, regardless of AEI Status will receive a Notice outlined below.
 - o This is requirement of ARPA. The ACT requires that any QBs with a first day of COBRA between 4/1/2021-9/30/2021 be notified of ARPA and the potential availability of premium assistance. The Act states that these notifications can either be included with the original notification or sent as a separate notification.
 - o This will **not** apply to QBs who are added with a Qualifying Event Type of Divorce, Ineligible Dependent, Death, or Medicare, as they are not eligible for the subsidy.
- The Employer will be charged \$15/QB
- The Employer will be charged an additional \$3.75/QB if they have opted in to the Attestation.

| Current ABG COBRA Status | AEI STATUS | First Day of COBRA | Letter(s) |
|--------------------------|-------------------------------|--------------------|--|
| Pending | Eligible, Ineligible, Unknown | 4/1/2021 or later | Subsidy Eligible Notice w/out 2 nd Election; Attestation* |
| Enrolled | Eligible, Ineligible, Unknown | 4/1/2021 or later | Subsidy Eligible Notice w/out 2 nd Election; Attestation* |

The following applies for **GROUP 3: Ongoing QBs – QBs added after 5/13/2021**

- ALL QBs, regardless of AEI Status will receive a Notice outlined below.
 - o This is requirement of ARPA. The ACT requires that any QBs with a first day of COBRA between 4/1/2021-9/30/2021 be notified of ARPA and the potential availability of premium assistance. The Act states that these notifications can either be included with the original notification or sent as a separate notification. For any QBs added after 5/13/2021, the ARPA information will be included in the initial mailing.
 - o This will not apply to QBs who are added with a Qualifying Event Type of Divorce, Ineligible Dependent, Death, or Medicare, as they are not eligible for the subsidy.
 - o The Employer **must** continue to update AEI statuses on a regular basis. **The ARPA Subsidy will not be applied until the AEI status is marked to Eligible.**
- The Employer will **not** be charged \$15/QB
- The Employer **will** be charged \$3.75/Attestation if requested.

| Current ABG COBRA Status | AEI STATUS | First Day of COBRA | Letter(s) |
|--------------------------|-------------------------------|--------------------|---|
| Pending | Eligible, Ineligible, Unknown | 4/1/2021 or later | COBRA Specific Rights Notice w/ARPA Verbiage AEI General Notification Insert Attestation* |

WHEN WILL THE COMMUNICATIONS BE SENT?

For all members, once a letter has been sent it will be visible in the Communications tab of their record on the Employer Portal and Broker Portal.

- **For Group 1 and Group 2**, notices are being processed outside of the normal letter processing to ensure they are mailed by May 31 (provided the AEI was updated by 5/7.) These notices are being processed in large batches by our vendor, and we are not able to influence when an individual client or member receives these letters.
 - **To see if your any letters have been sent, we recommend running the Generated Letter Detail Report.** This report can be found in the Employer Portal under Imports & Reports | Standard Reports. If you need assistance running this report, a guide will be available [here](#) by 5/21/2021. This report is not available on the Broker Portal.
- **For Group 3**, notices will be processed overnight and mailed the next business day as usual.

WHEN WILL WE BE INVOICED?

- *We anticipate billing to begin in June 2021 for letters sent in May.*
- Some employers will begin to see the 2% administration fee deducted from their remittance as soon as the June 2021 Remittance which will be processed on 6/10/2021.
- **As a reminder regarding the remittance and the 2%**
 - The subsidy includes the 102% premium normally charged under COBRA.
 - The 2% administration fee will still be collected and retained by ABG.
 - The 2% administration fee will be deducted from the monthly remittance.
 - The ARPA Subsidy will be listed separately from an Employer subsidy on the Remittance.
 - **In the event that the monthly premium remittance for collected billed COBRA premiums is less than the 2% ABG COBRA billing fee for the subsidized COBRA premiums, ABG will debit the remaining billing administration fee from the client's designated bank account per the terms of the administrative service agreement. Please be sure to alert your bank to allow drafts from our company ID 9165530001.**
 - If the client does not have an ACH banking agreement in place and ABG sends the monthly premium remittance via check, any insufficient funds to cover the monthly 2% premium billing administration fee for subsidized COBRA premiums will be invoiced with the regular monthly COBRA administrative service fee

We hope this clarifies both what you will be invoiced for, as well as what your members will receive. Our next communication will be focused on the Member's experience moving forward as they must submit and return these required forms.

LINKS TO PREVIOUS COMMUNICATIONS:

- ABG ARPA Announcement - http://mycobraresource.com/cobra_documents/ABG_ARPA_Announcement.pdf
- 3/29/2021 Update - http://mycobraresource.com/cobra_documents/ARPA_UPDATE_MARCH_2021.pdf
- 4/5/2021 Update - http://mycobraresource.com/cobra_documents/ARPA_UPDATE_04052021.pdf
- 4/7/2021 Update (Model Notices) - http://mycobraresource.com/cobra_documents/ARPA_UPDATE_04072021.pdf
- 4/19/2021 Update - http://mycobraresource.com/cobra_documents/ARPA_UPDATE_04192021.pdf
- 4/22/2021 Update - http://mycobraresource.com/cobra_documents/ARPA_UPDATE_04222021.pdf
- 5/6/2021 Update - http://mycobraresource.com/cobra_documents/ARPA_UPDATE_05062021.pdf
- 5/10/2021 Update - http://mycobraresource.com/cobra_documents/ARPA_UPDATE_05102021.pdf
- 5/18/2021 Update (IRS Guidance) - http://mycobraresource.com/cobra_documents/ARPA_UPDATE_05182021.pdf
- FAQ: http://mycobraresource.com/cobra_documents/ABG_ARPA_COBRA_SUBSIDY_FAQ.pdf

This information has been provided as an informational resource for ABG clients and business partners. It is intended to provide general guidance, and is not intended to address specific risk scenarios. Regarding insurance coverage questions, each specific policy must be reviewed in its entirety to determine the extent, if any, of coverage available for the impact of the Coronavirus.