

ARPA COBRA Subsidy - Update from ABG

6/25/2021

KEY TAKEAWAYS:

- **The May Remittance was successfully processed on 6/15/2021.**
 - **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.**
 - **Employers whose remittance resulted in an amount owed to ABG will see a \$1 pre-notification in the designated bank account. This pre-note is to ensure that the above authorization has been put in place before ABG drafts the amount owed. The \$1 pre-note will be deducted from the amount owed. IF your pre-note failed, our Accounting Department will reach out separately.**
- Many of the adjustments on this month's remittance report are reflective of the ARPA subsidy being applied to accounts that had already paid for May. Review the [ARPA Remittance Adjustment Example](#) for reference.
- Employers must continue to update the AEI status for any new QBs. ABG recommends doing so on a weekly or bi-weekly basis using the same AEI 2021 utility, though you can update individual records manually.
- ARPA Special Situations – ABG must be notified if a dependent is not eligible for the subsidy so we can create a separate account for the dependent for the duration of the subsidy.

REMITTANCE REPORT ADJUSTMENTS:

- **The May Remittance was successfully processed on 6/15/2021.**
 - **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.**
 - **Employers whose remittance resulted in an amount owed to ABG will see a \$1 pre-notification in the designated bank account. This pre-note is to ensure that the above authorization has been put in place before ABG drafts the amount owed. The \$1 pre-note will be deducted from the amount owed. IF your pre-note failed, our Accounting Department will reach out separately.**
- Members who previously paid April and subsequently now have the AEI subsidy will appear at the top of your remittance report as an adjustment due to the subsidy being applied in place of that April premium payment. The overall scenario is:
 - April premium paid by Member
 - April premium remitted back to employer on 5/10/2021
 - AEI Subsidy applied to account effective 4/1-9/30
 - The Member's previous April premium is now applied to October, or has been refunded to them
 - At the top of the remittance report this April premium is removed as an adjustment with the adjustment reason "Added subsidy schedule for member". See example 1a in the [ARPA Remittance Adjustment Example](#)
 - Later in the report the April premium is listed again for the same member reflecting the AEI subsidy, and deducting the 2% administration fee. See example 1b in the [ARPA Remittance Adjustment Example](#)
 - In this case, the amount of the April premium in this case is deducted from the remittance since the Employer is covering it through the subsidy. The Employer in turn will be reimbursed for this amount when claiming the tax credit for ARPA subsidies.
- **Some adjustments are appearing on the remittance report with an adjustment reason as "Booked in Error by the System" – we are confirming with our vendor why this adjustment reason would be used in some cases but not others; however, our initial findings are that these are also a result of ARPA subsidies being applied. We will continue to keep you updated as more information on this becomes available.**

ARPA SPECIAL SITUATIONS

- The AEI status in the COBRA Portal is assigned to the entire record. At this time there is not the ability to assign a different AEI status to dependents.
- Please note that ABG cannot make any assumptions regarding any participants' subsidy eligibility. As the credit must be claimed by the Employer, it is important for Employers to be continually updating the AEI status, and to be mindful of these special situations and how they will be handled.
- The IRS Guidance does place some responsibility on participants as well to report if they or their dependents are not eligible for the subsidy.
- In the event a dependent should not have the subsidy:
 - The employer or participant can notify ABG via email
 - ABG will create a separate account for the dependent for the duration of the subsidy
 - ABG will update the original record as necessary to ensure the amount of the subsidy reflects the correct coverage tier.
 - Once separated, they will each be listed separately on the remittance report, allowing you to see exactly the amount to claim for the tax credit.

DOMESTIC PARTNERS

- Domestic Partners are not considered Qualified Beneficiaries under Federal COBRA, and thus are not eligible for the ARPA Subsidy. (see Question 19 of the [IRS Guidance](#))
- If your plan allows domestic partners to continue on COBRA, you may want to review your records to ensure that none are continuing under the subsidy.
- If a QB is eligible for the subsidy, but they have a domestic partner on their record **you must notify ABG.**
 - A separate record will be created for the domestic partner for the time period of the ARPA subsidy.
 - Once the separate account is created, they will also be listed separately on the Remittance Report, allowing you to see exactly the premium amount for the subsidy for those eligible individuals.
 - The Domestic Partner would be charged the “QB ONLY” rate during the time of the subsidy.

MEDICARE ELIGIBILITY

- Anyone who is eligible for Medicare is not eligible for the ARPA Subsidy.
- ABG is **not** automatically removing the subsidy from participants based on their age.
- Assistance Eligible Individuals are responsible for sending notification if they are eligible for Medicare or other coverage and thus ineligible for the subsidy.
- If a participant notifies ABG that they are no longer eligible for the subsidy, we will ask for them to submit something via email. Upon receipt we will remove the subsidy from the account as needed.
- If a QB is eligible for the subsidy, but the dependent is eligible for Medicare **ABG must be notified.**
 - A separate record will be created for the Medicare Eligible Dependent for the time period of the ARPA subsidy.
 - Once the separate account is created, they will also be listed separately on the Remittance Report, allowing you to see exactly the premium amount for the subsidy for those eligible individuals.
 - The Medicare Eligible Dependent would be charged the “QB ONLY” rate during the time of the subsidy.

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
- 5/18/2021 Update - http://mycobraresource.com/cobra_documents/ARPA_UPDATE_05192021.pdf
- 6/1/2021 Update: http://mycobraresource.com/cobra_documents/ARPA_UPDATE_06012021.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.