

# ARPA COBRA Subsidy - Update from ABG

## 3/29/2021

**This email is being sent to all primary COBRA contacts and brokers. Please forward this email to others in your organization who may need this information.**

This e-mail is intended to provide clarity surrounding ABG's processes as it relates to the ARPA COBRA Subsidy. It is important to note that these procedures are subject to change, pending additional guidance and Model Notices from the DOL. The intent of this communication is to clearly answer what we do know and what we do not at this time.

### History:

On March 11, 2021, the American Rescue Plan Act of 2021 ("ARPA") was passed into Law. Included in this stimulus package is a 100% COBRA Subsidy from 4/1-9/30/2021 for eligible individuals.

To read more about the actual provisions of ARPA, please review our Release here: [ABG ARPA Release](#)

To read our FAQ specifically about the ARPA COBRA Subsidy, click here: [ARPA COBRA Subsidy FAQ](#)

To read ARPA in full, you can access it here: [American Rescue Plan Act of 2021](#)

### KEY TAKAWAYS:

- Employers will have the ability to run reports to see participants in the look-back period.
- ABG will be able to send out the required letters for the COBRA subsidy
  - A fee of \$15/letter will apply, based on the initial mailings to Assistance Eligible Individuals. This fee will cover the initial notifications to assistance eligible individuals, and the required subsidy termination letters if applicable.

### WHAT WE KNOW THUS FAR ABOUT HOW THE SUBSIDY WILL BE ADMINISTERED:

#### Identifying Assistance Eligible Individuals:

- Assistance Eligible Individuals are defined as those who have experienced an employer initiated termination or reduction in hours in the last 18 months, and are still within their original COBRA window.
  - They are eligible for the subsidy if they dropped coverage previously
  - They are eligible for the subsidy if they were never enrolled in COBRA
  - They are eligible for the subsidy even if the plan is no longer available (the subsidy would be offered on your existing plan)
- Employers will be able to run a report in the COBRA Portal to identify participants in the look-back period.
- **Employers will be required to review this report and determine which individuals in their report are assistance eligible.**
  - **This will be required since to date, it may not have been specified whether a participant's qualifying event was voluntary or involuntary.**
- There will be the ability to assign an 'AEI' status to QBs
  - The options will be 'Eligible' 'Ineligible' 'Unknown'
- If you are interested in reviewing the Members in our system prior to this report being released, you may do so using one of three standard Reports already available to you. Note, the information on these reports may vary from the AEI report, since they are not designed for this purpose:
  - QB PLAN MEMBERS REPORT (change date to 10/1/2019)
  - QB SUMMARY REPORT (change days to 560)
  - QB DETAIL FOR ACA REPORT (change dates to 10/1/19-present)
- **If you were not a client with ABG prior to 10/1/2019**, you will need to review your internal records to identify participants who may be eligible, or reach out to your prior Administrator. ABG is actively reviewing how we can support administering the subsidy for these participants who are not in our system yet, and will share more information on this as decisions are finalized.

#### Sending the required Letters:

- *Any assistance eligible individuals are required to be notified of this special election period. They will have 60 days to elect the subsidy from the date of the notification, and it will be retroactive to 4/1/2021, or their first day of COBRA, whichever is later.*
- **ABG will be sending the required Letters to any identified assistance eligible individuals.**
- **An additional fee of \$15/letter will apply for these mailings. This fee will be based on the mailings to assistance eligible individuals.**
- A subsidy termination letter is required to be sent 15-45 days before the subsidy ends. ABG will also automatically send this letter. No separate fee will apply for these letters.
- No letters can be sent, until the DOL provides their Model Notice. We expect these Model Notices to include more specific detail about any nuances to the eligibility requirements
  - The DOL has 30 days from March 11, 2021 to provide the Model Notice for the Election Period.
  - The DOL has 45 days from March 11, 2021 to provide the Model Notice for the expiration of the subsidies

#### Elections:

- Some Assistance Eligible Individuals are required to make an election to take advantage of the subsidy – this is required by ARPA itself. **Employers should not automatically apply the ARPA subsidy to anyone's record at this time.**
- We expect the DOL Model Notices to clarify any actions required on the part of the QBs, including whether those already on COBRA must actively elect the subsidy.
- There will be the ability to require QBs to attest to their eligibility for the subsidy.
- Elections will be handled directly through ABG.
- At this time we are still finalizing whether online elections will be available for this subsidy.

#### 2% Administration Fee:

- 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.
- 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

#### WHAT'S NEXT?

- **We recommend that all employers review their termination processes to ensure that it is internally documented whether terminations are voluntary, or employer-initiated.** This will be key in identifying assistance eligible individuals.
- The ABG COBRA Portal already has the option to specify if a termination is voluntary or not. Employers should consider using this option going forwards when appropriate to alleviate the ongoing review that may be needed.
  - **Note**, if the option 'TERMINATION – INVOLUNTARY' is chosen as the qualifying event reason, this will also be listed on their Specific Rights Notice.
  - **If you have EDI files**, you should reach out to your EDI Vendor to determine whether any of this information is tracked presently, and whether files going forward can use the appropriate qualifying event reason. (EDI vendors have the ABG File specifications which list the appropriate formatting of this option on the file)
- If you would like to review Members currently in our system prior to the release of the new report, you may do so using the reports mentioned in the section above (see Identifying Assistance Eligible Individuals)
- Additional guidance is still needed from the DOL in many areas. Please review the [ABG ARPA COBRA SUBSIDY FAQ](#) for more information on the ins and outs of the ACT and what hinges on additional guidance.
- ABG is engaged in regular weekly meetings both internally and externally with our platform vendor and resources (including the DOL directly) to review the latest information and finalize any details on how this will be handled.
- Once the DOL Model Notice is released, and these procedures can be finalized, ABG will provide detailed instructions for all Employers on their responsibilities in managing the COBRA Subsidy with ABG.

We understand that there are many questions surrounding the COBRA subsidy. If you have additional questions, please first review the [ABG ARPA COBRA SUBSIDY FAQ](#) in case your question is answered here. If after reviewing the FAQ there are additional questions, please outline all of your questions via e-mail to [cobrasupport@amben.com](mailto:cobrasupport@amben.com). We will do our best to respond to all questions as quickly as possible, and appreciate your patience as we respond to the high volume of requests. We will continue to update this document as more information becomes available, and will send email communications as procedures are finalized.

#### Resources:

[American Rescue Plan Act of 2021](#)

[ABG ARPA Release](#)

[ABG ARPA COBRA SUBSIDY FAQ](#)