

Electronic Alert

Volume 24, Issue 17

April 7, 2021

The American Rescue Plan Act COBRA Subsidy Has Been Here Since April 1. Are You Ready?

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It's April 7, and the American Rescue Plan Act COBRA subsidy was effective April 1.

The Department of Labor ("DOL") had promised, and has now delivered model templates for compliance with the notice requirements in the American Rescue Plan Act ("ARPA"). We advise employers to ensure that any notice is tailored to their particular health plan, but these notices provide a useful template. The DOL model notices also include helpful information on some frequently asked questions, including the effect of a leave of absence on eligibility and when notices must be provided.

The subsidy changes an employer's usual compliance with COBRA in various ways, including:

- Requiring a notice to employees who, within a certain timeframe were previously eligible to continue their coverage through COBRA, and who may have not elected or elected and then later declined COBRA coverage;
- Requiring employers to provide notice to employees when their subsidy period is ending; and
- Adding an additional layer of complexity to the fact that each COBRA qualified beneficiary has an independent COBRA election right, and now may have an additional opportunity to elect COBRA.

Employers who would like assistance with administering these new notices, or who have questions about how the ARPA subsidy applies to a specific situation are welcome to contact Iris Tilley, Jeff Robertson, or Gabrielle Hansen at 503-228-0500 (or itilley@barran.com, jrobertson@barran.com, or ghansen@barran.com, respectively).