Reminder: COBRA Subsidy Expiration Date and Notice Requirement

- August 27, 2021 -

The American Rescue Plan Act of 2021 ("ARPA") requires group health plans subject to COBRA to provide a 100% COBRA premium subsidy and expanded enrollment rights to those who qualify as assistance eligible individuals ("AEIs") for a period of six months (April 1, 2021, to September 30, 2021). ARPA also imposed new COBRA notice obligations on group health plans.

As the subsidy period nears the end, employers and plan administrators are required to provide a subsidy expiration notice ("Notice") to AEIs, informing them of the impending subsidy termination.

What information is required in the Notice?

- The Notice must describe: (1) the subsidy expiration date; (2) the right to continue COBRA coverage for the remainder of the individual’s maximum coverage period (if applicable) without the subsidy; and (3) other coverage options that may be available.
- Employers can draft their own Notice, however, the Department of Labor ("DOL") has issued a model Notice, available here.

When does the Notice need to be provided?

- The Notice must be provided between 45 and 15 days prior to the subsidy expiration date. This means that all subsidy recipients will need to receive a Notice between August 16, 2021, and September 15, 2021 (45 to 15 days before the subsidy expires on September 30, 2021).
- A Notice is not required if an AEI’s subsidy expires because they became eligible for Medicare or other group health plan coverage.
ADDITIONAL RESOURCES

March 12, 2021, Benefits Bulletin

IRS Releases Guidance on COBRA Premium Assistance under ARPA
May 19, 2021, Benefits Bulletin