

For brokers and producers only

Date: April 29, 2021

**Markets: All (Except Medicare)**

## COBRA Expanded Under American Rescue Plan

In addition to the expansion of premium subsidy eligibility, the American Rescue Plan Act of 2021 includes a 100% subsidy for COBRA continuation coverage premiums if one of the following criteria is met:

- Lost coverage due to an involuntary job loss
- Lost coverage due to a reduction in hours of work

If eligibility is met, COBRA continuation coverage premiums will be fully paid from April 1 through September 30, 2021 for an employee or dependent who is a COBRA qualified beneficiary due to an involuntary termination of employment or a reduction in work hours.

### Eligibility

A former employee who elected not to take coverage prior to April 1, 2021 and whose maximum COBRA coverage timeframe has not expired may be eligible for the period of subsidy coverage and must be sent the appropriate notices. COBRA members who elected COBRA but dropped coverage because it was no longer affordable may also be eligible.

The maximum period of COBRA coverage is not extended by the time period the subsidy is available. For example, if a former employee did not elect COBRA coverage for an eligibility period of 18 months beginning December 2019, their maximum eligibility period would expire in May 2021. If qualified, this individual would only be eligible for coverage for April and May.

### How CareFirst is Responding

In cases where CareFirst or CareFirst Administrators acts as the COBRA administrator, CareFirst will work with the employer to identify qualified former employees so the appropriate notices are sent prior to May 31. For all other groups, it is the responsibility of the employer or their COBRA administrator to send the notices. Employers are responsible for paying the federal COBRA payments on behalf of the COBRA members. The employers will claim the COBRA subsidy amount as a credit against their employment taxes. IRS guidance on how this will be administered has not yet been released.

In the case of state continuation coverage, it's unclear whether the subsidy would be administered by the insurer or the employer. We expect to receive additional guidance from the IRS on this issue.

### Timeline to Enroll in COBRA Continuation Coverage Election

To elect COBRA continuation coverage, employees must actively enroll within 60 days from the date notice is sent. Failure to enroll within 60 days, will result in ineligibility for the premium assistance under the American Rescue Plan.

## **Capping the Timely Filing Extensions**

Under the Disaster Relief Notice—issued in response to the COVID Public Health Emergency—certain timeframes associated with healthcare administration were extended. The original notice provided extensions for COBRA elections and payment of premiums, timely filing of claims, appeals and grievances and HIPPA Special Enrollment Periods (SEP). Recently, Health and Human Services provided guidance that clarified the extension:

The earlier of (a) 1 year from the date the individual is first eligible for relief or (b) 60 days after the announced end of the National Emergency (the end of the Outbreak Period), plus any remaining time under the plan.

All eligible members can elect coverage, delay payment, file claims and initiate an appeal or grievance during the extended timeframe, even if they had not previously elected to do so. CareFirst is taking steps to end the timely filing extensions at the one-year deadline on a case-by-case basis going forward, until the end of the Outbreak Period.

**Additional resources can be found here:** [COBRA Premium Subsidy | U.S. Department of Labor \(dol.gov\)](#)

### **For more information**

If you have any questions, please contact your broker sales representative.