



## PLEASE READ! IMPORTANT COBRA UPDATE:

### COBRA SUBSIDY BUILT INTO AMERICAN RESCUE PLAN!

**\*\*APPLIES TO ALL EMPLOYERS\*\***

Valued Clients and Prospective Partners,

On March 11<sup>th</sup>, 2021, the President signed The American Rescue Plan Act (ARPA).

Contents of this Act require 100% COBRA subsidies be offered to qualified participants. Much like those offered back in 2009, subsidies are reimbursed to the employer through tax deductions. It is important to note, unlike 2009, these subsidies will cause a much greater fiduciary responsibility on your part.

Complete Benefit Solutions is committed to helping you through understanding your responsibilities and assisting you through this process. We are asking that you schedule a call with our office as soon as possible to identify your responsibility and create a plan to ensure your compliance.

#### **Who Is Eligible for Assistance?**

Any employee who experienced an *involuntary* termination of employment or a *reduction in hours* thereby causing them to become eligible for Continuation between **October 1, 2019 and August 31, 2021**.

- “Second chance rule” allows for previously eligible participants who left employment after October 1<sup>st</sup>, 2019 an opportunity to elect beginning April 1<sup>st</sup>, 2021 and receive the subsidy through their COBRA eligibility date.
- Current COBRA participants will be eligible for the subsidy beginning April 1<sup>st</sup>, 2021 until the end of their 18-month COBRA eligibility date or August 31, 2021 whichever comes first.

The subsidy applies for medical, dental and vision plans. There is an “Other Coverage Option” provision. Employers will want to consider carefully if they would like to adopt this provision as it is voluntary to the employer. This option will allow the employer to accept the COBRA participant to enroll into a plan other than the one they were enrolled in at the time of the qualifying event. However, this option will come with complex administrative responsibility.

#### **How Will Complete Benefit Solutions Help?**

Each of our clients will receive one on one evaluations of their plans. We will be contacting you to discuss your impact. For those clients who utilize the services of a TPA, we are working closely with these TPA’s for specific guidance from their offices. For our clients who self-administrate their

COBRA, we are awaiting the updated and new model notifications for previously eligible and newly eligible employees. For any prospective partner, you need to take action. If you are unhappy with the response from your current broker and would like more guidance, contact us. We will get you pointed in the right direction.

### **What Do You Need to Do Right Now?**

1. For our current clients, our office will be auditing any terminations we processed on your behalf beginning October 1<sup>st</sup>, 2019. We are asking that you do the same. Please identify any employee who had a reduction in hours or left employment on or after this date. It is essential that we identify those that were “involuntary” versus those that were voluntary.
2. Schedule a time to speak with us to create an action plan.
3. Ensure your team are reporting all new qualifying events accurately to include the nature of the termination for future events.
4. The following notices are required under ARPA. We are awaiting model notices.
  - a. Notice of subsidy availability
  - b. Notice of extended election period
  - c. Notice of subsidy expiration

### **How Do Employer’s Get Reimbursed?**

Although the IRS has not released final guidance, we anticipate reimbursement will work much like they did in 2009. Employers will report the appropriate dollar amounts on their monthly and quarterly tax filings. The subsidy amounts will reduce the employers overall tax liability.

We are here for you. It is understandable that there can be some questions and concerns surrounding the legislation. We appreciate the opportunity to continue to be a partner of yours and will continue to keep you updated with changes as we are notified.

*This information is meant as a general overview of pertinent information contained in the American Rescue Plan Act. It is not intended to detail the full scope of fiduciary requirements that are mandated under the Act. Not should this information constitute legal advice. We encourage employers to review the mandates in full and consult legal counsel.*