

New Required COBRA Premium Subsidy

March 23, 2021

Beginning on April 1, 2021, the American Rescue Plan Act of 2021 ("**ARPA**") will provide a 100% COBRA premium subsidy (the **Subsidy**) to any qualified beneficiary who is entitled to COBRA coverage due to an involuntary termination of employment or reduction in hours of employment. Under the ARPA, the federal government will reimburse the employer, in the form of a tax credit, the cost of the premiums for up to six months, from April 1 to September 30, 2021. Specifically, the Subsidy will end on the earliest of: (i) September 30, 2021; (ii) the date the qualified beneficiary becomes eligible for other health plan coverage or Medicare; or (iii) the date the qualified beneficiary's COBRA coverage period ends. Further, any individual who would have been eligible for the Subsidy, had he or she previously elected, or continued, COBRA coverage, will have another opportunity to elect COBRA coverage under a special election period. Employers should also note that the ARPA requires certain notices be sent to affected COBRA qualified beneficiaries within specified time limits. Employers are advised to contact their COBRA service providers to ensure compliance with these requirements. Also, employers should identify the affected qualified beneficiaries, coordinate arrangements for claiming the tax credits, review the required notices to qualified beneficiaries, and coordinate delivering such notices, each as applicable.

The ARPA is available [here](#).