



EMPLOYER COBRA SUBSIDY NOTIFICATION PROCESS

For Employees Involuntarily termed
or had an involuntary reduction of
hours after May 15th, 2021

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Overview

The American Rescue Plan of 2021 (ARPA) imposes new COBRA coverage requirements on employers beginning on April 1, 2021.

It requires employers to provide a 100% COBRA premium subsidy and additional COBRA enrollment rights to certain employees who lost group health plan coverage (this includes health, dental and vision coverage) due to involuntary termination or an involuntary reduction of hours. The new, temporary COBRA requirements apply from April 1, 2021, through Sept. 30, 2021 (the “Subsidy Period”). Employers will be reimbursed through fully refundable payroll tax credits.

This job aid will address the process to notify employees who were involuntarily terminated effective May 6, 2021 through September 1, 2021. The process to notify previously involuntarily terminated/involuntary reduction of hours employees who were already sent COBRA is in the COBRA Subsidy Notification Process job aid.

Assistance Eligible Individual (AEIs)

An AEI for the COBRA subsidy under ARP is a person who is eligible for COBRA continuation coverage due to an **involuntary termination or involuntary reduction in hours** and:

1. Is enrolled in COBRA as of April 1, 2021, or
2. Became eligible for COBRA between April 1 and September 30, 2021, (this is the group addressed in this job aid), or
3. Would have still been eligible for COBRA on April 1, 2021, but either did not elect coverage or dropped coverage.

The typical COBRA period for involuntary termination is 18 months. Only a portion of newly eligible employees COBRA period will fall under the COBRA Subsidy.

What Does this All Mean?

Eligible employees who are involuntarily termed or have an involuntary reduction of hours, have an opportunity to enroll in COBRA for health, dental and/or vision effective April 1, 2021 and the premiums will be paid by their former employer. They will be eligible to receive the premium subsidy until the earlier of:

- Becoming eligible for other coverage or Medicare; or
- September 30, 2021

Identifying Eligible Employees

Agencies will need to identify employees who have involuntarily terminated employment or had an involuntary reduction of hours between May 6, 2021 through September 1, 2021 and were enrolled in health, dental and/or vision in their month of termination.

The following action reasons were used to identify former employees who may qualify for the subsidy. This list should be used by agencies to identify newly terminated employees who may qualify as AElS. If an employee has a top of stack termination on job with any of the following action reasons and they were enrolled in health, dental and/or vision in the month of termination, they will need to be given additional documentation in their COBRA notification.

- Seasonal
- Temp Layoff
- Retire in Lieu of layoff
- Death- only if they had family coverage
- Discharge - Probation
- Discharge - Legis Only
- Misconduct
- End LTE appointment
- End Project appointment
- End Unclassified appointment
- Loss of Election
- Courts - End Personal Appt
- Unable to Perform Job Duties
- Staff Reduction
- Release LTE
- Courts End Reserve Judge Appt
- Unsatisfactory performance
- Appeal
- Layoff
- Courts Involuntary Loss of Appt

The agencies will run WI_HR_BN_EMP_COBRA_SUBSIDY to identify their terminated employees. The query has the following prompts:

- Job from Date: beginning of termination range
- Job to date: end of termination range (cannot be more than a month and cannot cross months)
- Coverage begin date: this will be the 1st of the month following termination date range from the above prompts
- Opt: Business Unit = % for open range of business units or can add specific business unit
- Opt: Company = % for open range of Companies or can add specific Companies
 - LEG
 - WCC
 - WCS
 - WIS
- Opt: Empl Id = % for open range of Empl ID's or can add Empl ID
- Action-Termination: must check box
- Action-Term w/ Benefits: must check box
- Action- Retirement: must check box
- Action- Completion: must check box
- Action- Layoff: must check box
- Click view results

Job From Date * 05/06/2021

Job To Date * 05/22/2021

Coverage Begin Date * 06/01/2021

Opt: Business Unit (%)

Opt: Company (%)

Opt: Empl ID (%)

Action - Termination *

Action - Term W/ Benefits *

Action - Retirement *

Action - Completion *

Action - Layoff *

View Results

Query Results:

- Filter Column (I) for the termination reason (must be one of the involuntary termination reasons listed above) to receive the [COBRA Subsidy Notice ET-2314A](#)
- Column (S) has which type of coverage the former employee was enrolled in prior to their termination.
 - 10- Health- The [2021 Benefit Option Code Cheat Sheet](#) can be used to determine which provider and whether the health coverage is a HDHP or non-HDHP.
 - 13- Delta Dental
 - 14- DeltaVision
 - 16- Preventive Dental
- Column (U)- coverage description
 - Health Plan Provider
 - Dental
 - SELECT- Delta Dental Select Plan
 - SELPLS- Delta Dental Select Plus Plan

- Vision
- DDPVRT
 - Delta Dental Preventive Plan
- Column (V) is the coverage level
 - Health
 - 1- Employee Only
 - 4- Family
 - Dental & Vision
 - 1- Employee Only
 - 2- Employee + Spouse
 - 3- Employee + child(ren)
 - 4- Family
 - Preventive Dental
 - 1- Employee Only
 - 4- Family

Agency Notification Requirements

Agencies must provide the following documents in the notification to the newly eligible employees:

- [COBRA Subsidy Notice ET-2314A](#)
- Continuation forms/applications for each benefit plan in which the employee was enrolled (including covered dependent information as applicable)
 - [COBRA Notification ET- 2311](#)
 - [Health Insurance Application for COBRA Continuants](#)
 - [Dental Continuation Form](#)
 - [Vision Continuation Form](#)
 - [CYC Form if previously enrolled in an HDHP](#)
- A completed [Request for Treatment as an Assistance Eligible Individual](#) form (ET-2314)

Questions and Answers regarding the newly eligible notification process

Q: If a newly terminated employee is terminated for a voluntary reason do I need to send the COBRA Subsidy notification?

A: No, any employee terminated for a reason that is voluntary, aged off dependent, or spouse/dependents being removed due to divorce, will not receive the COBRA Subsidy Notification. You will follow your agency's current COBRA process.

Q: Is Disability Retirement classified as involuntary or voluntary?

A: Disability Retirement is voluntary and therefore employees would not be sent the COBRA Subsidy Notification.

Questions and Answers regarding the COBRA Subsidy Forms

Q: Must we complete the form with all dependents listed on the plan prior to termination?

A: Yes, the form should be completed with the dependents listed in PeopleSoft prior to the termination. Each dependent has their own eligibility to enroll in COBRA.

Q: Do we need to send the CYC enrollment form to employees previously enrolled in a HDHP?

A: Yes, employees previously enrolled in the HDHP plan must reenroll in the HSA plan through CYC. They will not receive a contribution from their previous employer.

Q: Should the original date of COBRA be used as the date sent on the COBRA Subsidy Notification?

A: No, the date on the COBRA Subsidy Notification and other continuation forms should be equal to the actual date that you are sending the new notification to the employee/dependents.

Q: Do we need to add the Agency's letterhead to the COBRA Subsidy Notification?

A: There is room on the COBRA Subsidy Notification form for the agencies to add their own letterhead, if they wish.

Q: Do we send both the VSP and DeltaVision continuation forms to the retroactive employees?

A: No, you should only send the [DeltaVision continuation notice](#).

Q: There are two areas on the Request for Treatment as an AEI (Summary of the COBRA Premium Assistance Provisions) for contact information. Should this be the same contact information?

A: Yes, the agency must add their contact information in both locations.

Next Steps

Additional resources will be available that address instructions on how to manage the process once COBRA paperwork is returned to you and you determine the employee is eligible for the premium subsidy. There will also be resources on how to complete COBRA payments and collect the subsidy.

Resources

[ETF Employer News - American Rescue Plan Act of 2021: COBRA Subsidy](#)

[Department of Labor – COBRA Premium Subsidy](#)