



EMPLOYER COBRA SUBSIDY NOTIFICATION PROCESS For Employees Previously Sent COBRA Paperwork

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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 a 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 November 1, 2019 through May 5, 2021, who were previously sent COBRA paperwork. The process to notify newly involuntarily terminated employees will be in a separate 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 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, or
3. Would have still been eligible for COBRA on April 1, 2021, but either did not elect coverage or dropped coverage. – this is the group addressed in this job aid.

The typical COBRA period for involuntary termination is 18 months. Because of this, employers may have AEIs whose COBRA periods began as early as November 1, 2019.

New COBRA Election Period

ARP provides an extended election period for COBRA continuation coverage for any individual who experienced an involuntary termination of employment or reduction in hours and would still be eligible for COBRA continuation coverage between April 1, 2021 and September 30, 2021. If an AEI either did not take their COBRA election at the point their employment ended or elected and then ended COBRA coverage without becoming eligible for other insurance or Medicare, **the AEI may be eligible to enroll for coverage effective April 1, 2021.**

What Does this All Mean?

Former eligible employees who previously declined COBRA coverage have a new 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
- The end of their initial COBRA eligibility period
- September 30, 2021

This also means that former employees who continued COBRA coverage may be eligible to receive the premium subsidy effective April 1, 2021.

Initial Notification

Employers are required to notify eligible former employees of these new provisions by **May 31, 2021.**

Identifying Eligible Employees

Central Benefits has identified former employees who involuntarily terminated employment between November 1, 2019 and May 5, 2021 (date report was run) who were enrolled in health, dental and/or vision in their month of termination. The report will be supplied to the agencies.

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 were included in the report:

- Seasonal
- Temp Layoff
- Retire in Lieu of layoff
- Death- only if they had family coverage
- Misconduct- CB has ran WI_HR_BN_EMP_COBRA_SUBSIDY through 05/15/21 and sent out to agencies for notification
- Discharge - Probation
- Discharge - Legis Only
- End LTE appointment
- End Project appointment
- End Unclassified appointment
- Job Abandonment- ignore these on the original spreadsheet
- 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

Employees will appear on the report once for each benefit plan in which they were enrolled. The benefit plans in which they were enrolled are listed at the end of the spreadsheet. It is recommended that you validate the information when you create the individual notices.

Agency Notification Requirements

By **May 31, 2021**, agencies must provide the following documents in the notification to the former employees listed on the report:

- [COBRA Subsidy Notice ET2314A Retroactive Notification](#) (modified to address employees who previously received COBRA paperwork)
- 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 retroactive notification process

Q: Should Termination/Misconduct be included in the reasons for the COBRA Subsidy?

A: Yes, the job aids have been updated to reflect the addition of termination/misconduct as one of the involuntary reasons for termination. An updated query has been run as of 05/15/2021 which includes termination/misconduct as an involuntary reason.

Q: Do we need to track the dates the notifications were sent to our former employees?

A: Yes, former employees wanting to enroll in the COBRA due to their new eligibility only have **60 days** to return their paperwork. We suggest adding a column to your spreadsheet with the date sent so when paperwork is returned you can verify it was received within the allotted timeframe.

Q: What do we do if we find the termination action/reason is incorrect?

A: Send a ticket to CB to have the action/reason corrected in the system.

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 new requirements when sending COBRA paperwork to newly terminated employees, as well as instructions on how to manage the process once COBRA paperwork is returned to you and you determine the former employee is eligible for the premium subsidy.

Resources

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

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