



DOL Issues Additional COBRA Premium Assistance Guidance Under ARPA

The American Rescue Plan Act of 2021 (ARPA), enacted on March 11, 2021, allows qualified beneficiaries to receive premium assistance if health coverage was lost because of involuntary termination of employment or a reduction in hours. This assistance is available for the coverage period beginning on April 1, 2021, and ending on September 30, 2021. Premium assistance is initially “advanced” by the plan sponsor or insurer and then recovered or reimbursed through a tax credit.

Under ARPA, an extended COBRA election period is available for individuals who are not currently enrolled in COBRA coverage. Participants who are otherwise eligible for COBRA coverage, or who elected COBRA coverage and discontinued such coverage before April 1, 2021, are eligible for COBRA coverage as of April 1, 2021. Eligible individuals not currently enrolled must elect COBRA coverage to take advantage of the subsidy.

New Guidance

On April 7, 2021, the Department of Labor (DOL) issued frequently asked questions ([FAQs](#)). The FAQs consist of 21 Q&As that address certain ARPA provisions, including the following.

- Premium assistance will apply to all group health plans subject to COBRA, including medical, dental, and vision (excludes health FSAs and qualified small employer health reimbursement arrangements).
- Premium assistance will also be available for group health insurance that is required by state mini-COBRA laws.

- Assistance-eligible individuals will not need to pay normal administrative fees because these fees will count as part of the “premium”.
- Assistance-eligible individuals must elect COBRA coverage within 60 days of receiving their notice of premium assistance. The Joint Notice and the EBSA Disaster Relief Notice 2021-01 *do not* extend this deadline.
- Individuals who are eligible for COBRA but have not elected coverage can choose to start their coverage as of April 1, 2021, and do not have to elect any coverage retroactively before that date.

[DOL ARPA FAQs](#)

What's Next

There are still several outstanding questions surrounding ARPA that require additional guidance. We are diligently reviewing DOL model notices and working with vendors and clients in order to determine the next steps—including helping you notify assistance-eligible qualified beneficiaries. We will communicate the release of any additional guidance and additional administration costs as quickly as possible.

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