

## Important COBRA and Cal-COBRA Information

### THE AMERICAN Rescue Plan Act 2021 (ARPA)

#### What is the American Rescue Plan Act (ARPA)

- The ARPA was enacted on March 11, 2021, and introduced new rights for COBRA/Cal-COBRA premium assistance and a second election opportunity for qualified individuals (and their families).
- ARPA provides federally funded assistance for payment of 100% COBRA/Cal-COBRA premiums for Assistance Eligible Individuals (AEIs).
- AEIs are defined as all COBRA/Cal-COBRA qualified participants (and their families) who have been involuntarily terminated by their employer (other than by reason of such employee's gross misconduct) or have had the employee's hours reduced to a level below health benefit eligibility, between November 1, 2019 and August 31, 2021, and who have elected COBRA continuation coverage (including those who elect during the 2nd Special COBRA Election period). Individuals who have voluntarily terminated their own employment are not considered AEIs.
- Premium subsidy for individuals determined to be an AEI will begin on April 1, 2021. Premium subsidy for AEIs effective on April 1, 2021, or after will begin on their COBRA/Cal-COBRA start date.
- AEIs are entitled to receive the COBRA/Cal-COBRA premium subsidy from April 1, 2021 to the earlier of (i) September 30, 2021, (ii) the end of their COBRA eligibility period, or (iii) the first date they become eligible for either other group health coverage, coverage under a flexible spending arrangement, coverage under a qualified small employer health reimbursement arrangement, or Medicare.

#### What is required of you as an Employer?

*Step 1: Identify all employees whose employment was terminated involuntarily (other than due to the employee's gross misconduct) or who have lost coverage due to a reduction of hours, from October 31, 2019 to current.*

*Step 2: Determine which of those employees fall under COBRA or Cal-COBRA guidelines.*

*Please note: The employee's COBRA status is based on the group's COBRA status when the employee was terminated, and includes employees who are eligible for the 2nd Special COBRA Enrollment election period, indicated below.*

*Step 3: Submit your completed **Notice of Assistance Eligible Individuals** who **opted-in** for the COBRA subsidy to CaliforniaChoice<sup>®</sup> via email to [COBRA-ARPA@calchoice.com](mailto:COBRA-ARPA@calchoice.com) or fax to (714) 908-3549 **no later than June 14, 2021** (see enclosed form).*

*Please note: CaliforniaChoice will identify AEI's for Cal-COBRA members based on the qualifying/triggering event reported by the group at the time of employee termination.*

## American Rescue Plan Act Highlights

COBRA (Federal)	Cal-COBRA
<ul style="list-style-type: none"> <li>Premium assistance will be offered effective April 1, 2021 for eligible AEs.</li> </ul>	<ul style="list-style-type: none"> <li>Premium assistance will be offered effective April 1, 2021 for eligible AEs.</li> </ul>
<ul style="list-style-type: none"> <li>All ARPA required notices should be sent by the employer group.</li> <li>A 2<sup>nd</sup> Special COBRA Enrollment election period is available for AEs who did not initially elect COBRA, have cancelled their COBRA, (e.g. due to cost), or are currently in their election period. This special election is an extension of the original election period but does not extend the original COBRA eligibility period. Notification of this 2<sup>nd</sup> Special Enrollment election period must be provided by May 31, 2021.</li> <li>AEI's must opt-in for the COBRA subsidy.</li> <li>Employer groups must complete and return the attached AEI notification to CaliforniaChoice® at the email or fax# listed above.</li> <li>Employers are responsible for 100% of the full COBRA premium.</li> <li>Employers are eligible for reimbursement through tax credits against their quarterly HI (i.e., Medicare) payroll taxes for the costs of the subsidized coverage during the subsidy period.</li> </ul>	<ul style="list-style-type: none"> <li>All ARPA required notices will be sent by WageWorks/HealthEquity, the CaliforniaChoice COBRA compliance administrator.</li> <li>A 2<sup>nd</sup> Special Enrollment election period is available for AEs who did not initially elect COBRA, have cancelled their COBRA, (e.g. due to cost), or are currently in their election period. Notification of this 2<sup>nd</sup> Special Enrollment election period must be provided by May 31, 2021.</li> <li>AEI's must opt-in for the COBRA subsidy via WageWorks/HealthEquity.</li> <li>Health Plans are responsible for 100% of the full Cal-COBRA premium.</li> </ul>

### How will billing be handled?

Cal-COBRA AEs:

- Billing will be administered by WageWorks/HealthEquity. The Employer is not required to do anything.

COBRA (Federal) AEs:

- During the AEs premium subsidy period, Employers will be billed 100% of the COBRA premium, shown in a separate section of your monthly invoice. Partial payments for COBRA AEs will not be accepted.

NOTE: It is the Employer's responsibility to verify compliance with ARPA, COBRA, and Cal-COBRA laws. The information contained here was provided as a source of reference only. For additional information on ARPA Subsidy, go to <https://www.dol.gov/COBRA-subsidy>.