

COBRA version being sent to most states



New Employer Obligations in the American Rescue Plan Act of 2021

Because you have dental and/or vision insurance with Principal®, we wanted to alert you to new requirements contained in the American Rescue Plan Act (ARPA) of 2021.

ARPA requires that certain workers and their families be given a new COBRA notice and new COBRA election period. These workers may then be eligible to receive a 100% COBRA premium subsidy from their employer for up to six months at no cost.

Steps for you to consider:

- 1. Identify the names and addresses of any employees or former employees who are eligible for a COBRA premium subsidy.** Eligible individuals are employees or former employees who became eligible for COBRA due to involuntary termination or reduction in hours and who would still be in their COBRA eligibility period based on their original eligibility date.
- 2. Deliver a notice letter to eligible employees and their COBRA-eligible dependents by May 31, 2021.** They then have 60 days to make the new election and apply for the subsidy. The notice letter must contain specific information. For convenience, the US Department of Labor (DOL) has provided model notice letters and forms at [their website](#). Employers or plans that provide the premium subsidy are entitled to claim a tax credit.

3. **Email Principal** the COBRA election forms for eligible individuals who have responded to the letter within the 60-day deadline and who are eligible for the premium subsidy. If we do not receive a list from you, we will assume that you have no employees who meet these criteria.
4. **Send a communication to eligible employees when the subsidy ends.** Individuals who are still receiving COBRA benefits when the subsidy period expires must receive a second notice alerting them to the end of the subsidy.

Follow the same process for any individuals who are involuntarily terminated or have their hours reduced between now and September 30, 2021.

For questions, please refer to the [DOL website](#), or contact your Principal® representative or group benefits broker.



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Note: This is summary information only. We encourage you to review the American Rescue Plan Act of 2021 as well as guidance from the U.S. Department of Labor.

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