



Notice of the Expiration of Subsidized COBRA Coverage is Due Soon

BRIAN P. GOODMAN | 08.12.21

The American Rescue Plan Act of 2021 placed several new obligations on group health plan sponsors, which in many situations are employers, with respect to federal COBRA and state health insurance continuation laws. Certain individuals are eligible to enroll in continuation coverage and have their continuation coverage premiums 100% subsidized by the plan sponsor. The plan sponsor is then eligible for tax credits from the federal government to recoup the cost of this subsidy.

Individuals are only eligible for COBRA subsidies (each, an “assistance eligible individual”) if they lost group health plan coverage because they had their hours reduced (voluntarily or involuntarily) or were involuntarily terminated (each, a “subsidy qualifying event”). Individuals who have a subsidy qualifying event after April 1, 2021 and prior to September 30, 2021 can elect COBRA coverage and receive the subsidies. For more information about COBRA subsidies [please see our previous article here](#).

Required Notice of Expiration

All plan sponsors must provide notice to assistance eligible individuals who have elected subsidized COBRA that their eligibility for subsidies will expire. *This notice must be provided no fewer than 15 days prior to expiration and no more than 45 days prior to expiration.*

Subsidy coverage expires the earlier of September 30, 2021 or the individual reaching the end of their COBRA eligibility period (which is generally 18 months after the individual’s initial qualifying event). This means that September 15, 2021 is the latest date on which employers can send out this notice. Plan sponsors can send out

this notice earlier, so long as they do not give the notice earlier than August 15, 2021 for individuals whose coverage is ending on September 30, 2021.

Plan sponsors should start preparing these notices now. Employers will want to consult with their insurance carriers, insurance brokers, and third-party administrators regarding these notices. Employers should not assume that insurance carriers or third-party administrators will send out these notices for them.

The [model notice for this purpose is available here](#). This notice is not required to be sent to individuals who notified plan sponsors that they became eligible for another group health plan and as a result became ineligible for subsidy coverage.

If you have questions regarding COBRA subsidies or the required notice of expiration, please contact the author of this article or your Boardman Clark attorney.

Disclaimer: This information is not intended to be legal advice. Rather, it seeks to make recipients aware of certain legal developments that affect human resource issues. Recipients who want legal advice concerning a particular matter should consult with an attorney who is given a full understanding of the relevant facts pertaining to the particular matter.

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