

PUBLICATION

COBRA Subsidy: Don't Forget – 2nd Notice Deadline is Looming

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August 20, 2021

As a reminder to employers, the COBRA premium assistance provided under the American Rescue Plan Act of 2021 (ARPA) is coming to an end for all assistance eligible individuals (AEIs) on September 30, 2021.

As described in our [April 2021 alert](#), ARPA requires employers to cover 100 percent of the cost of continuing group health coverage under COBRA from April 1, 2021 through September 30, 2021 for AEIs (i.e., individuals who lose coverage due to a reduction in hours or an involuntary termination of employment). The subsidy ends upon the earliest of (i) September 30, 2021, (ii) the date the AEI becomes eligible for other employer-sponsored health coverage, or (iii) the date the AEI becomes entitled to Medicare. Employers were required to provide AEIs notice of their rights to this subsidy on or before May 31, 2021. In addition to that initial notice, a second notice is required for termination of the premiums subsidy.

ARPA requires employers to notify AEIs 15-45 days in advance of when their COBRA subsidy is scheduled to end. For those AEIs enrolled in COBRA coverage ending prior to September 30, 2021, a notice should have already been provided regarding the expiration of COBRA. However, for all AEIs enrolled in COBRA with periods of coverage extending beyond September 30, 2021, a second notice is required informing them of the end of the subsidy. The notice must describe (i) when the subsidy ends, (ii) how much the non-subsidized COBRA premium will be, and (iii) the premium deadline. The mailing needs to go out any time between August 16, 2021 and September 15, 2021. The U.S. Department of Labor has provided a Model Notice of Expiration of Premium Assistance [here](#).

For more information about this or any other benefits issue, contact [Andrea Bailey Powers](#) or your Baker Donelson attorney.