



Compliance Services Alert

Aug. 27, 2021

ARP's COBRA subsidy period is ending, but first ... a subsidy expiration notice due by Sept. 15!

Good news! The American Rescue Plan Act's (ARP) COBRA subsidy period will come to an end on Sept. 30, 2021, for plans providing COBRA coverage on a calendar monthly basis (a little later where COBRA runs on an off-calendar-month basis). But, while employers are certainly looking forward to putting the associated administrative burdens of these provisions behind them, one last notice requirement still looms.

Another notice?

Yes, but it's standard and simple to provide! Employers must notify COBRA subsidy-qualified individuals, (those receiving ARP COBRA premium subsidies), whose subsidy period is coming to an end for reasons other than eligibility for other coverage, that their subsidy window is closing. That notice is due no more than 45 days, and no less than 15 days, before their subsidy window closes. Thus, for subsidy-qualified individuals whose subsidy period will end on Sept. 30, plans must provide the notice no later than Sept. 15, 2021.

Lockton comment: Happily, the Department of Labor issued a model Notice of Expiration of Period of Premium Assistance (which we'll simply refer to here as the subsidy expiration notice). That model is linked [here](#). Your COBRA administrator might use the DOL notice or a similar, alternate template.

As is the case in all situations surrounding COBRA, best practice dictates that the notice is sent via hard copy to the subsidy-qualified COBRA enrollee's address on file, and if family members are also COBRA enrollees, that the notice is addressed to the employee or former employee "and family."

A refresher on subsidies and timelines

ARP has required employee healthcare plans to front the COBRA premiums for certain employees or former employees and their dependents who lost coverage due to an involuntary termination of employment or a voluntary or involuntary reduction in hours, if their COBRA coverage period extended or could have extended into, generally speaking, the six-month window from April through Sept. 2021. A number of notices were required to alert subsidy-eligible individuals of their *potential eligibility* for subsidies, and to bookend the process, a subsidy expiration notice is now required to make subsidy-qualified individuals aware of the *impending expiration* of those subsidies.

Lockton comment: Notice of loss or impending loss of subsidies is not required to any subsidy-qualified individual who lost eligibility for subsidies during the ARP subsidy window on account of eligibility for other coverage, including Medicare.

Additional background information on ARP's COBRA subsidies can be found in our breakdown of IRS FAQs regarding the subject in our May [alert](#).

Is Sept. 30, 2021, the universal end for ARP's COBRA subsidies?

No. Generally, the ARP's COBRA subsidy provisions were effective for the six-month period spanning April 1, 2021-Sept. 30, 2021. However, for plans that process COBRA on a *non-calendar-month cycle*, the ARP COBRA subsidy window can extend into October. Still, providing the subsidy expiration notice by Sept. 15, 2021, will fall within the time frame of 15-45 days before the expiration of the subsidy window for any subsidy-qualified COBRA enrollees whose COBRA coverage would extend as deeply into October as Oct. 30.

Please reach out to your Lockton account team with any additional questions about the end of the ARP's COBRA subsidy period or the provision of the subsidy expiration notice.

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