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COBRA Subsidy Termination Notice Reminder

Laurie Bracelin | Millenium Insurance Group | (717) 354-4774 | lbracelin@millig.com

The American Rescue Plan Act of 2021 included COBRA premium assistance (a 100% COBRA subsidy) for certain assistance eligible individuals (“AEIs”) who lose group health plan coverage as the result of an involuntary termination of employment or a reduction of hours. The COBRA subsidy is available to AEIs for the period between April 1, 2021 and September 30, 2021. Among other requirements, employers (and their COBRA vendors) must issue notice prior to the expiration of the subsidy.

Specifically, with respect to the September 30, 2021 expiration date, AEIs must be provided with a notice of expiration of the COBRA subsidy between August 16 and September 15, 2021. The notice must explain the date that the premium assistance will expire and that the individual may be eligible for coverage without any premium assistance through COBRA, a group health plan, the Marketplace, or Medicare/Medicaid.

The Departments have issued a Model Notice of Expiration of Period of Premium Assistance. While employers are not required to use the Model Notice, doing so is considered a best practice. The model notice may be found under Model Notices at <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra/premium-subsidy-for-employers-and-advisers>.

Employer Action

With respect to the September 30, 2021 subsidy expiration date, employers should work with their COBRA vendors to provide AEIs with this notice between August 16 and September 15, 2021. Employers will need to confirm each AEI’s date for the end of the maximum COBRA period and the premium to continue COBRA coverage when the subsidy expires.