

COBRA Subsidies Ending and Employers Must Send Out Notices

The 100% COBRA health insurance subsidies for workers who lost their jobs during the COVID-19 pandemic are about to expire on Sept. 30, and that means employers who have former staff receiving those subsidies must notify them of their expiration.

If you have former employees who are still on COBRA benefits and receiving the subsidy that was required by the American Rescue Plan Act, you will need to send them a timely notice that the 100% subsidy will end at the end of September and that they will have to start paying premiums if they wish to continue coverage after it has ended.

The expiration notice must be sent out 15 to 45 days before the expiration of the subsidy or before COBRA benefits expire (laid-off employees are only eligible to purchase COBRA health insurance continuation coverage for 18 months after they are laid off or quit).

In other words, employers have to send out expiration notices to some former employees who have been receiving COBRA coverage that their 18 months is up.

Some employers should already have sent out expiration notices.

Employers or plan administrators must notify employees receiving COBRA subsidies no more than 45 days before Sept. 30 and no less than 15 days before they will lose the subsidy. Sept. 15 is the absolute last day to send the notices.

Who should you send notices to?

If you have any former employees who are receiving COBRA premium assistance you must send them an expiration notice, even if they have reached their maximum coverage period of 18 months.

There were three ways a former employee could qualify for the subsidy:

- Eligible individuals who had a COBRA election in place as of April 1, 2021.
- Eligible individuals who did not have a COBRA election in place (but were previously offered COBRA under federal law) could start to receive the subsidy on April 1.
- Eligible individuals who experience a COBRA qualifying event between April 1 and Sept. 30.

What should the notice say?

The IRS has created a model expiration notice, which you can find [here](#).

While it is not mandatory that you use the model notice, it's a good idea, because using it demonstrates "good faith" compliance with the law.

Here are the details you'll need to include in the notice:

- Date of the notice.
- Names or status of the beneficiary.
- Name of the group health plan or insurance policy.
- Whether the beneficiary is receiving the notice because their maximum COBRA continuation period is ending (18 months) or because the subsidy is expiring.
- Date on which the maximum period of continuation coverage will end, or the date of the end of the COBRA subsidy. Depending on their premium period, their subsidized COBRA coverage can last beyond Sept. 30, according to the IRS. Under the rules, the subsidy continues until the end of the last "period of coverage" beginning on or before Sept. 30. In other words, if premiums are usually assessed on a monthly period basis, including the period from Sept. 26 to Oct. 26, the subsidy would cover the entire period ending on Oct. 26.
- Monthly premium cost that the beneficiary must pay to keep their continuation coverage going after the subsidy expires. It must also include other coverage options.

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