

American Rescue Plan Act of 2021

With the passage of the American Rescue Plan Act of 2021 (ARP), COBRA has been temporarily changed to assist employees affected by the COVID-19 pandemic. As you have probably heard, assistant eligible individuals (AEI) will receive up to six months of COBRA coverage at no charge. As with any government program, employers/COBRA Administrators are required to provide numerous notifications.

The law requires employers to provide a notice (prepared by the Department of Labor) to individuals that experienced an involuntary termination of employment (other than for gross misconduct) or a reduction in work hours leading to a loss of group coverage. The notice explains who is eligible for the “free” coverage (medical, dental, vision, HRAs, but not FSAs or life insurance) from April 1, 2021 to September 30, 2021. If an individual is eligible, he/she must “elect” to receive the free coverage by completing the election forms.

COBRA Solutions, Inc. has updated the software to produce the required notices and manage the Participants during this time of subsidized rates. The following are the steps necessary to comply with ARP.

Update your software to Version 21.5.x (with the x meaning any number)

1. Under the File menu, select the “Update Software via Internet” option. (If Microsoft Windows asks if you wish to start as “Administrator,” select “No.”).
2. Click the Next button to access the files.
3. You will be asked if you wish to review the new letters. You can select the desired letter and you will be shown the changes in red text.
4. Click the Next button and you will be provided a button to select the letters you wish to update and the groups that will be updated. If you do not select the letters (not recommended), they will not be updated in your system.



Once updated, you will notice the logo in the upper right-hand corner will have a red “American Rescue Plan” under the Version number. **You cannot begin administering subsidized premiums until you are on this version.**

Tech Tips

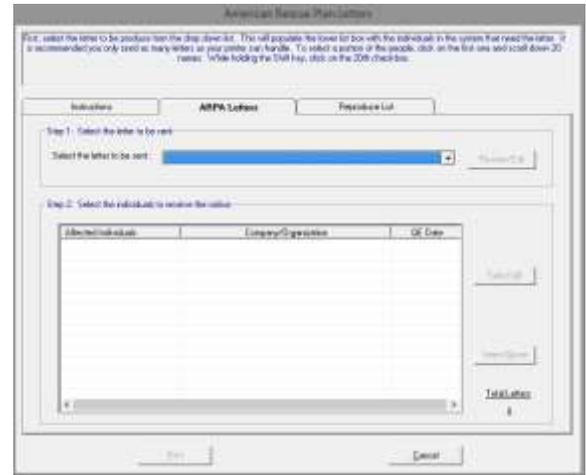
- If you are told that you do not have an Internet connection, the most likely reason is that port 21 is closed on your router. Ask your IT Department to open port 21 (ftp). The IP Address is, 70.167.110.20 and the port number is, 21.
- If this procedure seems like it downloaded some files but when it starts, it shows an older version, it is possible the files got downloaded but your system would not allow it to unzip/extract. Make sure everyone is out of the COBRA software and try the update again.
- If it still did not update to the newest version, you may try running the CAMSERVAPP.exe (found in the same location as the COBRA.exe). This tool uses HTTPs to download the files and it will usually work when the other procedure does not.

ARP Administration

Sending the Notice to Previously Notified Qualified Beneficiaries

- 1) Look for the new Menu Items at the top of the screen called “ARP” and then select the American Rescue Plan option. You should now see the Instructions tab. Please read the instructions before continuing.
- 2) Select the ARP Letters tab to produce the letters explaining the individual’s right to subsidized rates. This letter needs to be mailed by May 31, 2021.

- 3) Select the first letter in the dropdown box and a list of people needing the ARP Election Notice will appear in the lower list box. At this point you may click the Review/Edit button to review the letter prior to printing. (For multi-company users, there is only one letter for all your groups. Any edits made will be printed for all groups.)
- 4) Now select one or more individuals from the list to send to the printer. You may want to select just a portion of the letters to not overwhelm your printer. Please be aware that the individuals in the list are **ALL** Terminated employees and employees who experienced a Reduction in Work Hours. If you would like to only send notifications to Involuntarily Terminated employees and individuals that experienced a Reduction in Work Hours, you will need to select them individually. You can find a report to identify Involuntarily Terminated employees under the Reports menu heading and then selecting ARP Reports.
- 5) Once the list is empty, you are done.



Administration Tips:

- If you have new groups that you may not have data for from the past 17 months, we have included a “Generic” ARP letter. The Generic ARP letter will not have employee information mail merged into it. You will have to create mailing labels for all employees that were involuntarily terminated or experienced a loss of coverage due to reduced work hours (regardless if the reduction was done voluntarily). Select the “Generic” ARP letter and make as many copies as you need. Then use mailing labels, stuff and mail via USPS first class mail.
- The personalized letters are designed to be folded and placed in a #10 windowed envelope. If you do not have the windowed envelopes, after printing the letters, you may go under the Notifications Menu and select Mailing Labels. Select the “ARP Eligible Individuals” from the dropdown list and print the labels.
- If you have a printer problem and need to recreate the list of qualified beneficiaries, select the Reproduce List tab, select the American Rescue Plan Election Letter and then click the Update List with Original List button. Begin printing from the last letter printed correctly. That is the **ONLY** time you would re-create the list.

Electing COBRA

Once people begin returning the election forms. There will be three classes of former employees who will be returning the election form and should be handled in the following manner:

COBRA Qualifiers who did not elect COBRA in the past.

1. Select the Events Menu option.
2. Select the Qualifier from the dropdown list.
3. Next, select the person to be the subscriber (but do NOT select all the dependents continuing – this would create separate files for everyone) and click the Ok button.
4. Complete the form, making sure you enter their COBRA Qualifying Event Reason as an “Involuntary Termination of Employment” or “Reduction in Work hours.” Once the reason is selected from the dropdown list, it will expose the “Elected A.R.P. Free Coverage” checkbox in **red** towards the bottom of the form. Click the checkbox to begin offering free coverage.

- When you click the Ok button, the system will ask if the person wishes to start paying (or not paying) premiums on their original COBRA start date OR begin on April 1st without having to pay premium for prior months. The system will then ask if you wish to produce coupons or an invoice. If the individual is going to pay back premiums, you will have to create an invoice for April 2021 for them because Coupons will not reflect the previous amount owed). Perform your standard COBRA administration procedures from here on.

Gender: <input type="text" value="Male"/>	Birth Date: <input type="text" value="04/12/1980"/>
Reason: <input type="text" value="Involuntary Termination of Employment"/>	Coverage: <input type="text"/>
<input type="text"/>	Coverage: <input type="text"/>
Tobacco User <input type="checkbox"/>	
dependent is the qualifier)	
Start Date: <input type="text" value="04/01/2010"/>	<input type="checkbox"/> Elected A.R.P. Free Coverage File 80 of 80

COBRA Participants who are behind on their COBRA premiums and have been Terminated or Suspended (for any reason).

- Select the Events menu option.
- Select Reinstate COBRA Coverage.
- Select the individual from the dropdown list and you will be asked if you want to reinstate coverage back to the date they were terminated in the system OR April 1, 2021. Once, reinstated, their billing will reflect their selection.

COBRA Participant who is paid up through March 31st or after.

- Open their Participant file and change the Qualifying Event Reason to either Involuntary Termination of Employment or Reduced Work Hours.
- Next click the checkbox for "Elected A.R.P. Free Coverage.
- Click the Ok button and the system will update their billing starting Free Premiums on April 1st.

Administration Tip:

- The main issue we foresee here is that people who experienced a qualifying event over a year ago may have been enrolled in a plan that no longer exists. You will need to enter them into a current plan that is similar to what they had when they were employed. For Participants, run them through the "Participant Open Enrollment/Plan Change procedure under the Events Menu. You will be asked the effective date, you will want to enter the date the new plans went into effect. Once, you have got them enrolled in the correct plan(s), perform the procedures in B or C above.

Expiration of Premium Assistance

In late August 2021, you will need to send another notice explaining that the government subsidy premium program is ending September 30, 2021. This letter will be produced in the same manner as the initial ARP notifications under the ARP Menu. To eliminate the letter being sent too far in advance, it will not show in the drop down list until August 20th. We will provide further guidance on this as it is released.

Reports

We have added a new section of reports (under the Report Menu) called ARP Reports. These reports detail the people that were sent the ARP Election Letter as well as those who elected to receive the subsidized rates. It will also provide a report which will assist you in receiving credit for paying these individual's insurance on a quarterly Form 941 payroll report. Lastly, a report has been designed to show if premiums paid (for months after March 31, 2021) by a participant needs to be reimbursed.

State Continuation

ARP will also pay premiums for state continuation coverage. For this reason, employers in New York, Texas, Connecticut and California will have to send letters to involuntary terminated individuals dating back to the following:

New York: 04/02/2018, Texas: 04/02/2019, Connecticut: 10/02/2018 and California: 04/02/2018

Last words

We know you will have questions while performing the administration of the American Rescue Plan Act of 2021 and we will assist you the best we can in the operation of the software. Due to time constraints, there are certain items we cannot provide direction. The following are questions that we won't have time to address.

- 1) What is the definition of an "Involuntary" termination?
- 2) What is a definition of "gross misconduct?"
- 3) What employers are not responsible for adhering to ARP?
- 4) How does the employer get reimbursement by the government?
- 5) Any questions dealing with state continuation.
- 6) Any question dealing with an employee's personal situation and their eligibility to receive free coverage.

For answers to many of these questions, please see, [COBRA Premium Assistance under the American Rescue Plan Act of 2021 FAQs](#)

Good luck with your administration and review www.cobrasolutions.com for up-to-date information on ARP.