

Date: May 6, 2021  
To: All Departmental Personnel Offices  
From: Lisa Hatten, COBRA Program Manager, Benefits Division  
Re: Temporary COBRA Subsidy Pandemic Relief

## Overview

Under the American Rescue Plan Act (ARPA), signed into law by President Biden on March 11, 2021, pandemic relief provisions have been implemented to include a temporary Consolidated Omnibus Budget Reconciliation Act (COBRA) subsidy to assistance eligible individuals (AEI's). Subsequently, the Department of Labor released guidelines and model notices for departments to send to AEI's by May 31, 2021. This memo provides you with an overview of these changes.

## COBRA Subsidy Premium Assistance

Beginning April 1, 2021, through September 30, 2021, this temporary COBRA subsidy covers 100 percent of the AEI premium costs. During this subsidy period, departments are responsible to pay an AEI's premiums and departments will be reimbursed through a new Medicare Health Insurance tax credit in the amount of the COBRA premium subsidy. CalHR is working with the State Controller's Office (SCO) to determine the appropriate process to reimburse departments and will provide additional information once the process is finalized.

## Eligibility

An individual is eligible for the COBRA subsidy if they experience either of the following qualifying events:

- An involuntary termination of employment (other than for gross misconduct).
- Reduction in hours, which causes an individual to lose state health, dental or vision plan eligibility.

Qualified beneficiaries who elected COBRA but discontinued it would also be eligible during the COBRA subsidy period. Dependents of AEI's are also eligible to receive the premium subsidy.

AEI's who meet the above criteria and are not currently enrolled will have the option to enroll effective April 1, 2021. Any AEI who enrolls during the COBRA extended election period must enroll in the plan(s) they were previously eligible for.

AEI's are eligible for the subsidy from April 1, 2021, through September 30, 2021, or the COBRA maximum coverage period, whichever occurs first. ARPA does not extend the maximum coverage periods for any AEI's.

Eligibility for the COBRA subsidy ceases when an AEI becomes eligible for Medicare or any other group health plan (i.e. coverage through a spouse or domestic partner). The AEI does not need to enroll in this other coverage for the subsidy to end.

### **Next Steps for Departments and Resources to Identify AEI's**

Departments must inform all AEI's of the availability of the COBRA subsidy premium assistance.

- Departments must provide an initial notice to eligible individuals by May 31, 2021, and should address the individual's right to premium assistance. This notice must be provided to the following individuals:
  - Those already enrolled in COBRA between April 1, 2021, and September 30, 2021; and,
  - Qualified beneficiaries who are not currently enrolled, but are still within their COBRA maximum coverage periods.
- Departments must provide a second notice that addresses the expiration of the COBRA subsidy premium assistance coverage. This notice must be provided to those AEI's who received the first notice no earlier than 45 days before expiration, but no later than 15 days before their premium assistance expires.

Departments are responsible for reviewing employment history to determine which qualified beneficiaries are eligible for the temporary COBRA subsidy. To capture AEI's whose coverage period extends into the subsidy window, departments need to look back to November 2019. The California Public Employees' Retirement System (CalPERS) and SCO offer the following reports to help identify potential AEI's (the list may not be all-inclusive):

#### CalPERS

- Employer Health Enrollee Report – This report provides a list of subscribers and their dependents enrolled in a CalPERS sponsored health plan and contains COBRA start and end dates, qualifying subscribers, etc.

#### SCO

Departments have the ability to retrieve various reports in the Management Information Retrieval System (MIRS), reflecting employees who may have been involuntarily terminated with any one of the following transactions in employment history: S02, S04, S30, S31, and S33.

- [COM035 Report](#) – This report lists all active and temporarily separated employees, in alphabetical order, excluding employees who separated due to a Disability Retirement (S71) or Layoff (S30) transaction.
- [INT002 Report](#) – This report identifies permanent-intermittent employees currently enrolled in health/dental benefits that have become ineligible based on not meeting the hours threshold to continue their benefits based on the specified control period.
- [INT002A Report](#) – This report identifies permanent-intermittent employees, whether currently enrolled or not enrolled in health/dental benefits, that have become ineligible based on not meeting the hours threshold to continue their benefits based on the specified control period. The report includes an indicator for each employee’s enrollment in health and dental benefits.

### **Additional Resources**

Further information and resources are available, as well as FAQ’s and model notices for departments on the [COBRA Premium Subsidy](#) page of the U.S. Department of Labor’s website at [www.dol.gov](http://www.dol.gov).

### **COBRA Alternatives**

Although departments are still required to send out notices to all eligible individuals as outlined above, some AEI’s may also be eligible to enroll in federally subsidized health benefits through Covered California, or other states’ plans under the federal Patient Protection and Affordable Care Act, as included in the model notices. These plans usually provide subsidized coverage for longer periods and are based on eligibility that may not require any out-of-pocket costs.

### **Questions**

For questions about the temporary COBRA premium subsidy, please visit [www.calhr.ca.gov](http://www.calhr.ca.gov) or contact us at [cobra@calhr.ca.gov](mailto:cobra@calhr.ca.gov).