

ARPA UPDATE: Subsidy Ending September 30



The End of the Federal Subsidy is Near!

On March 11, 2021, President Biden signed the [American Rescue Plan Act of 2021](#) into law, including provisions for a federal subsidy on COBRA continuation coverage for certain eligible individuals. The federal subsidy is due to end on September 30, 2021, for all Assistance Eligible Individuals (AEIs). PPI/Businessolver, as your COBRA Administrator, has been busy working behind the scenes ensuring we have the technology and processes to support our clients with the latest regulatory requirements.

PPI cannot provide legal or tax advice and must always encourage our clients to consult their appropriate counsel on all matters of compliance and taxation.

Subsidy Ending Notice Requirements

In addition to requiring employers to notify potential AEIs of their subsidy eligibility earlier this summer, ARPA also requires employers to notify enrolled individuals that their subsidy will soon be expiring. The regulations indicate that these “[subsidy ending](#)” notices be sent between 15 and 45 days before the end of the subsidy period. The only participants who will lose the subsidy but remain COBRA eligible will be those who either report their own loss of subsidy eligibility or lose their subsidy due to the end of the subsidy period. Those who lose due to the end of the subsidy period will need to be notified between August 16 and September 15, 2021.

PPI/Businessolver created a draft for this template for the [Subsidy Ending notice](#) in May and is prepared to send this notice to all subsidy-enrolled COBRA participants starting August 16th.

No additional action is required by our clients at this time to complete this mailing. The ARPA notice payment you have already made to PPI includes printing and mailing of these Subsidy Ending notices.



Refunds for Premiums Paid during Subsidized Months

On May 18, 2021, the Internal Revenue Service (IRS) issued [updated guidance](#) related to the federal COBRA subsidy included within the American Rescue Plan Act (ARPA).

Prior to receipt of this guidance, Businessolver had advised that subsidy-eligible participants would only be refunded overpaid premiums upon request or when their COBRA coverage ends, in alignment with our standard operating procedures for ongoing COBRA Administration. Question 85 of the IRS's FAQ document provided clarification that an employer would be entitled to the premium assistance credit once the AEI has been reimbursed.

To process the volume of refunds that are needed, we are temporarily overriding our standard refund protocol and will be automatically refunding any payments applied to premiums dated April 2021 to current on subsidy-eligible records and issuing refunds to those members.

In some cases, these payments have already been remitted back to our clients as part of the monthly funding process, and those payment amounts will need to be repaid to Businessolver. These refunds will appear as debits on the monthly funding reports posted to the Document Center.

We will no longer require a case from the client administrator requesting a refund for these subsidy-eligible individuals. Businessolver will refund all subsidy-eligibility individuals who have paid premiums since April 1 as a standard for the remainder of the federal subsidy period. All refunds will be initiated prior to September 30.