



Broker Bulletin

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American Rescue Plan Act Implications on COBRA and FHICCA

COBRA Subsidies Under ARPA

The American Rescue Plan Act (ARPA) of 2021 includes a provision that creates COBRA subsidies for qualifying individuals.

Employer groups with 20 or more employees are required to offer the Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation health coverage for a qualifying event. The Florida Health Insurance Coverage Continuation Act (FHICCA) requires smaller employers with less than 20 employees to offer continuation health coverage as well. However, beneficiaries may have to pay up to 102% of premium costs out of pocket, making this unaffordable for most.

The ARPA changes this, at least temporarily. Group health plans that provide COBRA (or FHICCA) continuation coverage must offer a full subsidy to assist eligible individuals from April 1, 2021 to September 30, 2021.

- Not all COBRA (or FHICCA) qualifying events will qualify beneficiaries for the subsidies. To be eligible, the beneficiary must have lost coverage due to involuntary termination or reduction in hours. The beneficiary must also elect COBRA (or FHICCA).
- Employers will be entitled to a tax credit for the amount of the premium assistance for COBRA

only.

- The subsidies may apply to beneficiaries who are eligible for COBRA (or FHICCA) continuation coverage under federal or state laws.

What actions should a broker consider?

It is important for brokers to notify their employer groups of this legislation. Employers should identify those individuals who had a qualifying reduction in hours or involuntary termination and either declined COBRA (or FHICCA) or dropped coverage. These individuals may want to reconsider the option and should be offered a second chance to elect coverage. The new law requires employers to take certain actions:

- A general notice must be sent by the group's designated COBRA administrator to all assistance-eligible individuals with an involuntary termination or reduction in hours due to COVID-19 that occurred between September 1, 2019 and April 1, 2021. This notice can be sent with the COBRA election notice or separately.
- A notice of an extended COBRA election period must be sent by the group's designated COBRA administrator to assistance-eligible individuals who had a qualifying event before April 1, 2021, and whose maximum COBRA continuation coverage period would not have ended before April 1, 2021. This notice must be sent by May 31, 2021. **NOTE:** Health First Health Plans and AdventHealth Advantage Plans will be mailing a notice of an extended FHICCA election period to qualifying individuals.
 - **SAMPLE Health First Health Plans extended FHICCA election**
 - **SAMPLE AdventHealth Advantage Plans extended FHICCA election**
- Employer groups will be responsible for the COBRA premium payment for eligible members. The federal government will reimburse the employer group via payroll taxes. **NOTE:** The Health Plan will be responsible for the premium payment for FHICCA-eligible members. The federal government will reimburse the Health Plan via payroll tax deductions.

How can I learn more about this legislation?

Review the resources below for more information on the implications for COBRA and FHICCA under the new American Rescue Plan Act:

- The U.S. Department of Labor's [COBRA Premium Subsidy](#) page online

- The department's [Frequently Asked Questions](#) document
- [COBRA Model Alternative Election Notice](#)
- [COBRA Premium Assistance Provisions Summary](#)

If you have any questions, please contact your Health First Health Plans' or AdventHealth Advantage Plans' account manager, or Broker Services at HFBroker@HF.org.

We value and appreciate your partnership.

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Health First Health Plans | 6450 U.S. Highway 1, Rockledge, FL 32955

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