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Local Government Health Insurance Plan Questions and Answers Regarding American Rescue Plan Act Temporary COBRA Premium Assistance

On March 31, 2021, the Local Government Health Insurance Board (LGHIB) issued a [memo](#) with information regarding the American Rescue Plan Act's (ARP) temporary COBRA premium assistance (COBRA assistance) available to certain individuals. Recently, the Department of Labor (DOL) issued model Notices as well as responses to Frequently Asked Questions (FAQs) with more information on the COBRA assistance provided by the ARP. Based on the current guidance from the DOL, the LGHIB is providing the Q&As below in an effort to assist participating units in understanding their responsibilities under the ARP and how the LGHIB will conduct the notification, enrollment and billing process. Please note this information is provided for general informational purposes only and does not constitute legal advice. The LGHIB strongly encourages units to discuss specific issues with your legal advisors before determining how the issues apply to your specific situations. Also, please be aware this guidance is subject to change if there is a corresponding change or future clarification from the DOL, or other federal agencies, that contradicts anything contained herein.

For more information, please see the Q&As provided by the Department of Labor [here](#).

What is ARP?

ARP is a stimulus aid package signed into law by President Joe Biden on March 11, 2021. One of the many packages included in the ARP is COBRA assistance available for individuals who were involuntarily terminated or who suffered a reduction in hours causing the loss of Local Government Health Insurance Plan (LGHIP) coverage from November 1, 2019 to the present. These individuals are referred to as Assistance Eligible Individuals (AEI).

Who is eligible for COBRA assistance under ARP?

Under the ARP, AEIs, and their dependents who were covered at the time of the qualifying event, who lost LGHIP coverage due to the AEI's involuntary termination (not including gross misconduct) or a reduction of work hours, are allowed to request COBRA assistance under ARP. An AEI can be an individual who is currently enrolled in COBRA, who enrolled in COBRA previously and thereafter allowed COBRA coverage to lapse, or previously declined COBRA continuation coverage.

When is COBRA assistance available under the ARP?

An approved AEI can receive COBRA assistance between April 1, 2021 and September 30, 2021.

How will AEIs be notified?

On March 31, 2021, the LGHIB notified each participating unit that each unit must certify the name of its AEIs from November 1, 2019 to the present. That Certification form is required to be submitted to the LGHIB on or before April 23, 2021. The LGHIB will use its own data from previous member cancellations and the data acquired from the unit's Certification forms to send the appropriate ARP COBRA Notice to each individual that has been identified as being involuntarily terminated or who suffered a reduction in work hours causing the loss of LGHIP coverage.

Going forward, when the LGHIB is notified of an involuntary termination (not involving gross misconduct) or a reduction in work hours causing a loss of LGHIP coverage, an ARP COBRA notice will be sent to the AEI.

How does an AEI elect COBRA assistance coverage through the LGHIP?

An AEI who desires to request COBRA assistance must return the Request to be Treated as an Assistance Eligible Individual (Request) form to the LGHIB. That form is located in the Summary of the COBRA Premium Assistance Provisions under the ARP form that will be included with the ARP COBRA Notice sent to each potential AEI.

What is a participating unit's responsibility?

Once the LGHIB receives a completed Request from an individual, the LGHIB will email that Request to the participating unit for the unit to either approve or deny the request. If the participating unit approves the request, the AEI will be provided COBRA assistance pursuant to the ARP.

If the participating unit denies the Request, the individual will not be approved for COBRA assistance. However, if the individual is already enrolled in COBRA coverage, he or she may stay enrolled in their current COBRA coverage and must continue to pay the full amount of his or her own COBRA premium.

When will COBRA assistance begin?

Coverage will begin on April 1, 2021 for an AEI who elects COBRA assistance through the ARP.

How long can an AEI receive COBRA assistance?

An AEI is eligible for COBRA assistance under the ARP from April 1, 2021 until the earlier of: 1) the end of the AEI's 18-month COBRA term; 2) the AEI becomes eligible for other group coverage or Medicare; or 3) September 30, 2021.

Does the AEI have any responsibility?

Yes. The AEI must return the Request to the LGHIB in order to be considered for COBRA assistance. In addition, the AEI must inform the LGHIB if he or she becomes eligible for other group coverage or Medicare. Failure to do so may subject the AEI to a penalty. However, if the individual is approved as an AEI, he or she will not have any financial responsibility for payment for COBRA coverage from April 1, 2021 to September 30, 2021.

How will an AEI be notified the COBRA assistance has ended?

The LGHIB will send each AEI a Notice of Expiration of Period of Premium Assistance 15-45 days in advance of the earlier of September 30, 2021 or the expiration of the AEI's 18-month COBRA period.

What happens to the AEI's COBRA coverage after September 30, 2021?

If the AEI has additional months left on his or her 18-month COBRA term, the AEI can continue LGHIP COBRA coverage for those remaining months; however, the AEI will be responsible for payment of the full COBRA premium effective October 1, 2021.

Who pays the temporary COBRA premium assistance?

Each participating unit will be responsible for paying for its AEIs' COBRA assistance from April 1, 2021 to September 30, 2021. Participating units that comply with applicable provisions of the ARP will be eligible to receive tax credits equal to the premiums the unit paid for COBRA assistance for AEIs. The credit will be provided by the Treasury Department through a reduction of Medicare payroll taxes.

How will a participating unit be billed for the temporary COBRA premium assistance?

Units will be billed for an AEI's COBRA assistance in the month immediately following an AEI's request for COBRA assistance and the confirmation of an AEI's eligibility.

For example, an AEI who is approved on June 2 for ARP coverage beginning April 1, 2021 will be included on the unit's invoice for July, which will be processed in mid-June. The unit's regular July invoice will include premiums for the AEI for the months of April, May, and July.

In the preceding example, if all factors are the same except the AEI's eligibility is not confirmed until June 18 (i.e. after the July billing has been processed), the premiums for the AEI's coverage will be included on the unit's August billing and will include premiums for April, May, June, July, and August.