

# CLIENT ALERT

Brought to you by:



\$1.9 Trillion COVID Relief Package to be signed into law by President Biden

**THIS IS AN UPDATE FOR EMPLOYERS WHO ARE SUBJECT TO STATE CONTINUATION, OFTEN REFERRED TO AS MINI COBRA.**

APPLICABLE EMPLOYERS - all employers subject to State Continuation, also known as mini-COBRA. This includes New Jersey, New York and Pennsylvania employers.

APPLICABLE PERSONS (AEIs) - For state continuation, the only individuals who may be considered AEIs are those who were involuntarily terminated or had a reduction in hours and are either:

1. ~~Currently on state continuation (did not lapse or waive)~~ OR **New legislation allows for a lapse in coverage**
2. Newly eligible as of April 1, 2021

SUBSIDY – 100% of COBRA/State Continuation premium from April 1, 2021 to the earlier of:

- September 30, 2021 or
- The normal expiration of continuation (18 months in NJ, ) or
- When the individual becomes eligible for coverage under another group health plan, including a spouse's/parent's plan or Medicare.
- Individuals who are eligible for other coverage and accept the subsidy will be penalized.

APPLICABLE BENEFITS - State Continuation is normally medical coverage only.

PAYMENT OF THE SUBSIDY – Insurance carriers for employers subject to State Continuation

WHAT'S NEXT

**Immediately review your records to determine if you have employees who should receive a new offer of coverage.**

**Complete the Notice and send to applicable individuals within 5 business days from July 21, 2021**

**Disclaimer: as additional information or clarification becomes available; we will continue to update you on this important piece of the American Rescue Plan Act. This notification is provided as for informational purposes only and is not meant to advise you of your entire obligations under this law/acts, nor to serve as legal advice. If you would like more complete information, please do not hesitate to contact our office, your accountant, or your attorney.**