

Assistance Eligible Individuals (AEIs)

- How will I provide my eligible AEIs?
This initial launch will only allow you to save those as we wait for further guidance on the definition of an AEI. You can view a possible list of AEIs that we have identified based upon an 18-month event and the expires date of their event not completed by 4/1/21. You are not able to submit any information. Right now, please review participants to identify eligible Assistance Eligible Individuals (AEIs). Within the portal you will select whether a participant is an AEI-Yes or an AEI-No. Please watch your email for an update on when we have more guidance on a definition of an AEI and you can begin submitting data to us.
- We acquired another company and were directed not to enter the possible electees into the system? How do we enter them in the system now as they may be eligible for the subsidy?
We will have instructions forthcoming for our customers who may have possible AEIs who are not in the isolved system.
- If a participant is eligible for the subsidy and has a Loss of coverage date of 4/30/21 but doesn't elect COBRA until August, does the client have to pay the premiums from 5/1/21 to the election date?
The only gap allowed is between a loss of coverage date prior to 4/1/2021 and 4/1/2021—no other gaps are allowed.
- What is the fine for participants if they "abuse" the subsidy?
\$250
- If a COBRA participant who was involuntarily terminated and then passed away would the surviving family on the insurance be offered the subsidy?
At this time, we believe that anyone who is a qualified beneficiary to an event that was involuntary termination or reduction of hours can be an Assistance Eligible Individual.
- How will we handle participants who are AEIs and already have an employer subsidy on their record for the period, or part of the period for the stimulus?
We are awaiting guidance on this topic. If ARRA (2009) provides any context, then the employer subsidy will remain and the federal subsidy will cover the remaining portion. However, we anticipate this should be addressed with forthcoming guidance.
- Will notices go out to the AEIs?
Once you have selected your AEIs, isolved Benefit Services will be marking their record within our system as subsidized. Once we have that information and the DOL has released model notices, isolved Benefit Services will be providing notices as required under ARPA.
- If a participant has an incorrect event code, will you be sending a corrected notice?
We will not plan on changing event codes or process a corrected QE notice. Customers will be asked to identify AEIs within the COBRA Portal. Once we have those identified, isolved Benefit Services will mail Special Election Notices to Qualified Beneficiaries designated as AEIs.

- If a participant is already on COBRA effective 4/1/21 would or would they not qualify for the 100% subsidy?
A participant's status on COBRA does not determine their AEI status. AEI status is based only on the qualifying event being involuntary termination or involuntary reduction of hours and COBRA not expired as of April 1, 2021. However, if a participant has an election in effect on April 1, 2021, they are not eligible for the special second election period but would still be eligible for the subsidy.
- What about the event codes if we report Qualifying Events through a file feed? Will the file specs need to be updated?
Since we will be asking each customer to identify their AEIs, we will not be changing file specifications.
- Does an employee's involuntary termination have to be COVID-related to qualify as an AEI?
Currently, there is no criteria in the law to differentiate an involuntary termination for performance reasons from a COVID-related event. Therefore, at this time, we believe that any involuntary termination or involuntary reduction of hours would qualify.
- How soon is the client able to designate the AEI's? Is there a deadline to do so that was communicated to the clients?
As of today, isolved Benefit Services has not released the AEI designation page to our customers, which will be located within the COBRA Online Portal. Please watch for more information – coming soon – on when you will be able to start marketing the AEIs within the portal. At this time, we have not set a deadline to complete the AEI designation process. We will be providing further guidance when we have the model notices as we there is a deadline to have required notices provided to participants.

Payments and Subsidy

- What happens if a participant pays for April before the subsidies can be applied?
isolved Benefit Services will facilitate a refund in these cases.
- Will payments previously made by the participants in the subsidy period (4/1/21 to 9/30/21) be refunded or reallocated forward?
If COBRA continues beyond September 30, 2021, it will be the participants option to receive a refund or to reallocate their payments.
- Does the 100% subsidy include the 2% admin fee or will participants be invoiced for this?
The subsidy covers the 2% administrative fee.
- When will the subsidy start?
The subsidy will begin on the later of April 1, 2021, or the effective date of COBRA. For AEIs whose event date is before April 1, 2021, the subsidy can begin April 1. For Qualifying Events reported to us after April 1, as a subsidized event, the subsidy will be applied on the first day of COBRA coverage, or April 1, whichever is later.

- Should participants make their April payment? If they do make their April payment, do they get a refund?

Participants would not be required to make their April payment. However, there are some important considerations:

1. The participant and the employer may “differ” on the Qualifying Event and ultimately, it will be the employer making this designation.
2. Currently, isolved Benefit Services is not changing its advice to employers about managing COBRA coverage by the paid through date. Participants may choose to wait for the subsidy to be applied, but if that does not happen until mid- to late April, they may find their coverage temporarily interrupted.

If a participant does make a payment for April and is subsequently identified as an AEI, isolved Benefit Services will facilitate refunds of those payments.

- When will the subsidy be applied?
isolved Benefit Services is reviewing our system and will be applying any subsidies identified by customers following additional guidance.
- Can the subsidy be applied to other months of coverage, or only to April-Sept?
The subsidy can only be applied between April and September 2021.
- How will the subsidy be paid?
The employer is required to pay the carrier, and they will claim these amounts as a credit on their quarterly payroll tax filing. For most employers, it will reduce their payroll tax liability. For some employers, the credit they claim could exceed the amount they owe for payroll taxes, and in that case, they can receive a refund.
- Is the government going to pay me so I can pay you?
No, the government is not issuing COBRA payments to participants. Rather, the employer will carry the burden of paying the carrier for coverage, and then claiming that amount as a credit on their payroll tax filing.
- Can the participant just take the money instead of getting it applied to their account?
This is not allowed.
- When and how will the participant(s) be notified the subsidy has been applied to their account?
AEIs will receive a special notification regarding their subsidy following identification from customers. Invoices do not generate when there is no amount due.
- If the employer is subsidizing the former employee’s COBRA (for example, as part of a severance arrangement), can the employer now revoke that arrangement due to the federal subsidy?
The answer to this question is unclear right now, and we hope that guidance will address it.

Special Election Notice and Special Election Period

- If COBRA participants have already elected COBRA but haven't paid in a few months and are AEs, would the subsidy be applied to their record as of 4/1/2021?
isolved Benefit Services is awaiting further guidance.
- Can a participant cancel coverage as of 1/31/21 and then ask to be reinstated as of 4/1/21?
isolved Benefit Services is waiting for further guidance on this.
- How soon can a participant have coverage reinstated?
isolved Benefit Services is developing plans to be as ready as possible to generate notices shortly after guidance and model notices are issued by the Department of Labor. However, we expect the mailing process to take 30 days or more. AEs will have 60 days to elect after their notice is sent, and special elections will be retroactive to April 1, 2021.
- If a participant has individual coverage thru December (2020). Could the participant elect again on 4-1-21 and add all family members?
This may be somewhat of a gray area (please refer to the first question in this section). The ability to elect for other family members will remain dependent upon Qualified Beneficiary status. In order to be an AEI, you must also first be a Qualified Beneficiary.
- If a participant does participate in the special election, their coverage would begin on 04.01.2021. Would the coverage then end at the end of the ARPA period (09.30.2021)?
Coverage will end at the date that is the "maximum coverage period" from the event date. Therefore, coverage may very well extend beyond September 30, 2021, but the subsidy will end on September 30. Conversely, COBRA may expire between April 1, 2021 and September 31, 2021. Remember, ARPA does not change the maximum coverage period.
- Will isolved Benefit Services' plan for ARPA be any different for customers who do not use Premium Collection Services?
Yes. These groups will still be asked to identify their AEs, and IBS will send the subsidy and special election notices required by ARPA. However, without Premium Collection services, IBS does not track or record any payment or subsidy activity for the participants of these groups, and as such, the employer would need to appropriately apply the ARPA subsidy, track it and send the Subsidy Expiration Notice. Additionally, non-Premium Collection clients also typically accept and adjudicate the elections for their participants, and as a result, ARPA Special Elections will be routed accordingly.
- What is the fee associated with the ARPA notices and subsidy?
Until guidance is published, we cannot fully determine the scope of the work involved to implement and support these requirements. Our pricing will be set shortly after guidance is provided by the Department of Labor.