

FAQ: COBRA Subsidies

The American Rescue Plan subsidizes COBRA premiums for certain eligible people from April 1, 2021 through September 30, 2021. The Department of Labor has issued comprehensive guidance on COBRA eligibility rules [here](#).

How the COBRA Subsidy Works

1. What is the COBRA subsidy and who is eligible?

The subsidy pays for the full COBRA premium from April 1 to September 30, 2021 for people who opt to continue their job-based coverage. A person may be eligible for a COBRA subsidy if they lost their job-based coverage due to involuntary job loss or reduction in work hours. People eligible for COBRA under state rules (“mini-COBRA”) can also get the premium assistance.

2. Can the subsidy be used by people who are eligible for COBRA due to another qualifying event, such as moving or retiring?

No. There are several ways people can become eligible for COBRA, but this subsidy is only for people who had involuntary job loss or a reduction in hours.

3. If someone has an option for fully subsidized COBRA coverage, are they still able to choose a marketplace plan and receive a PTC and CSR instead of COBRA?

Yes. A person who has lost their job can enroll or stay enrolled in marketplace coverage and receive a PTC and CSR despite the COBRA offer.

4. Is offering the subsidy optional for employers, or is it required?

Employers covered by the federal COBRA law (generally, employers with more than 20 employees with group health plans) are required to offer COBRA. They must also offer the subsidy to their eligible employees.

5. How will someone know they are eligible for the COBRA subsidy?

Employers must send eligible employees a notice by May 31 explaining the benefit, then consumers have 60 days to decide whether to enroll. However, a consumer who had their qualifying event prior to April 1, 2021, can choose to start their coverage April 1, 2021, even if they receive the election notice and make the election at a later date. A consumer can also call their employer or plan directly before they receive the official notice.

6. Assuming someone has access to COBRA because of involuntary loss of coverage or reduction in hours, does it matter when their qualifying event was?

Yes. Most people are only eligible for COBRA for 18 months. That clock starts at the qualifying event (here, involuntary job loss or reduction in hours). This means that someone who had reduced work hours and qualified for COBRA as of April 1, 2020, for example, is eligible for COBRA until September 30, 2021. However, if the qualifying event made someone eligible for COBRA on February 1, 2020, COBRA eligibility would be exhausted July 31, 2021. That person would only receive the COBRA subsidy until July 31, when their benefit period exhausted, and they would lose COBRA – and the subsidy – as of August 1.

How the COBRA Subsidy Works

7. If a person didn't take up or had to stop COBRA because it was unaffordable, can they restart COBRA this year?

Yes. A person who was eligible for COBRA because of involuntary job loss or a reduction in work hours and who dropped COBRA for any reason, or who failed to take up COBRA, can enroll again, as long as they are within their 18-month eligibility period.

8. How will an enrollee know when their COBRA eligibility period or subsidy ends?

Group health plans are required to provide a "Notice of Expiration of Period of Premium Assistance" to individuals whose subsidy is ending, whether due to the 18-month expiration of their COBRA coverage or the end of the subsidy. This should include the date of the expiration and an explanation of available coverage options. This notice must be provided 15 to 45 days before the date of expiration.

9. When the COBRA subsidy ends, will consumers get a special enrollment period to enroll at HealthCare.gov?

Yes, COBRA enrollees who end their COBRA coverage when the subsidy ends are eligible for a special enrollment period and can get a premium tax credit, if otherwise eligible.

10. Is the COBRA subsidy retroactive back to the date of the qualifying event?

No. The subsidy is only available April 1, 2021 through September 30, 2021. If someone who is still in the COBRA election period due to a prior qualifying event, wants coverage back to the date of the qualifying event, they would need to pay the entire back-premium.

11. Does Medicaid eligibility make someone ineligible for the COBRA subsidy?

No. A person can be eligible for the COBRA subsidy even if they are eligible for Medicaid, CHIP, or marketplace coverage. However, eligibility for a group health plan, such as another employer plan, or Medicare eligibility do make someone ineligible for the COBRA subsidy. An enrollee must notify their employer if they become eligible for another group health plan or Medicare, or they may face a tax penalty.

12. Can someone get COBRA if they are now working for a new employer where they declined affordable insurance?

No. An offer of or enrollment in employer-sponsored coverage through the employee or their spouse (whether it would be "affordable" for marketplace purposes or not) makes someone ineligible for the COBRA subsidy.