

## **COBRA Subsidy Eligibility Guidance Termination/Reduction-in-Hours Definitions**

**This list is intended to help employers determine the difference between involuntary and voluntary terminations and identify eligible reduction-in-hours scenarios. This is not an exhaustive list, just some common examples.**

**This list of reasons was identified from the current Department of Labor guidance on subsidizing COBRA payments, IRS guidance for the COBRA subsidy that was done through the American Recovery and Reinvestment Act of 2009 and the Oregon Workday System used by the State of Oregon.**

### **Involuntary Termination**

- Involuntary Termination – Lawful Strike or Work Stoppage
- Temporary furlough or layoff with right of recall
- Termination of employment by employer due to absence from work for sickness or illness (Does Not have to be COVID related).
- Trial Service Removal
- Terminate Employee – Other (Employer initiates loss of employment)
- Layoff
- Termination of Appointment (Employer initiates loss of employment)
- Involuntary Dismissal, except gross misconduct (as determined by employer policy)
- Involuntary Termination – Other
- Involuntary Termination – Employee resignation (Employer was going to terminate the employee, but allowed the employee to resign instead)
- Seasonal Employment Ends (Employee has Return Rights)
- Temporary Appointment Ends – (Assignment Completed, Employee has return rights)

### **Reduction in Hours**

- Reduction in hours resulting in loss of coverage/still employed due to:
  - Change in business hours of operation
  - Change from full-time to part-time employment
  - Taking of a temporary leave of absence
  - Lawful strike or work stoppage
- Reduction in hours resulting in loss of coverage/still employed – other reasons

### **Voluntary Termination**

- Changed employment
- Divorce
- Dependent aging out of coverage
- Terminate Employee – Other
- Deceased

- Temporary Appointment Ends – (Assignment Completed, No Return Rights)
- Resignation
- Executive Appointment Ends – (Assignment Completed, No Return Rights)
- Retirement
- Board or Commission Member End – (Appointment Ends, No Return Rights)
- Limited Duration Ends (Employee has no return rights)
- Seasonal Employment Ends (Employee has no Return Rights)

### **COBRA Subsidy Eligibility Requirements**

The American Rescue Plan Act of 2021 (ARP) was signed on March 11, 2021. This new federal law subsidizes the full COBRA premium for “Assistance Eligible Individuals” (AEI). This premium assistance is available April 1, 2021 through September 30, 2021.

An AEI qualifies for COBRA premium assistance if they:

- lose benefits due to an involuntary employment termination or work hours reduction, **AND**
- not eligible for other group health coverage (a new employer or spouse’s employer plan), **AND**
- are not eligible for Medicare, **AND**
- are eligible and elect COBRA during the subsidy period.

Employers are responsible for paying 100 percent of an AEI's COBRA premium during the subsidy period (April 1, 2021 through September 30, 2021). You will be reimbursed by the federal government through:

- a credit against payroll taxes, and (if applicable)
- an overpayment refund for credit amounts exceeding payroll taxes.

### **More Information**

For more information on the subsidy and related questions, please visit the Department of Labor web site at <https://www.dol.gov/cobra-subsidy>. You can also contact one of EBSA’s Benefits Advisors at [askebsa.dol.gov](mailto:askebsa.dol.gov) or 1.866.444.3272. State or local government employers with questions regarding the premium assistance, can also contact the Centers for Medicare & Medicaid Services via email at [phig@cms.hhs.gov](mailto:phig@cms.hhs.gov) or call 410-786-1565.