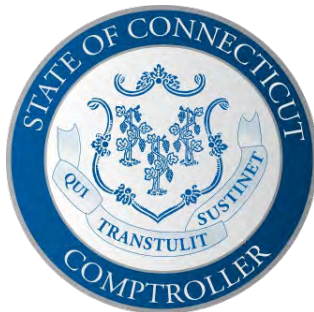


**OFFICE OF THE STATE
COMPTROLLER**

**HEALTHCARE COST
CONTAINMENT COMMITTEE**



**HEALTHCARE POLICY & BENEFIT
SERVICES DIVISION
165 CAPITOL AVENUE
HARTFORD, CT 06106-1775**

PHONE: (860) 702-3480 • FAX: (860) 702-3

HEALTHCARE POLICY AND BENEFIT DIVISION MEMORANDUM 2021-06

TO THE HEADS OF ALL STATE AGENCIES

DATE: June 23, 2021

ATTENTION: Human Resources and Payroll Officers, Business Managers

**SUBJECT: COBRA SUBSIDY FOR INVOLUNTARILY TERMINATED
EMPLOYEES**

The economic stimulus law, known as the American Rescue Plan Act of 2021 (“ARPA”) creates a temporary premium subsidy for COBRA benefits for employees who lost healthcare coverage since November 1, 2019 due to an involuntary termination or an involuntary reduction in hours. This memorandum explains the procedures that will be followed to ensure that eligible individuals are offered an opportunity to secure these benefits.

Under existing law an employee separating from service has a 60-day period within which to elect to continue health insurance coverage. The separated employee must pay the entire cost of the premium. These conditions are explained in the standard COBRA Notice generated by CORE-CT upon an employee’s separation from service.

The ARPA provides a temporary 100% subsidy for COBRA from April 1, 2021 through September 30, 2021 for employees who were involuntarily terminated between November 1, 2019 and the present. Eligible individuals (including dependents enrolled in coverage at the time of termination) are entitled to the subsidy.

On May 31, 2021, the Office of the State Comptroller, Healthcare Policy and Benefit Services Division mailed information about enrolling in COBRA and obtaining a temporary premium reduction to employees who lost coverage on or after November 1, 2019 due to an involuntary termination or reduction in hours.. Those who initially declined COBRA were provided an additional opportunity to enroll. Those who enrolled in and paid COBRA premiums since April 1, 2021 will be entitled to a refund.

NOTICE PROCEDURE

Upon an employee’s separation from service for any reason, the agency **must** provide the standard COBRA Notice currently generated by CORE-CT. The Healthcare Policy & Benefit Services Division will provide the necessary supplemental REQUEST FOR TREATMENT AS AN ASSISTANCE ELIGIBLE INDIVIDUAL to those identified as potentially eligible for the

benefit and will provide each agency a list of its affected employees. Agencies will also receive a list of their employees who received the May 31st mailing.

DEFINITION OF “INVOLUNTARY TERMINATION”

Qualification for the ARPA subsidy is limited to those who were involuntarily terminated and are not currently eligible for other group insurance coverage or Medicare and who make the election for COBRA coverage within 60 days. An individual who is rehired and becomes eligible to enroll in the state employee plan is no longer entitled to the COBRA subsidy.

According to IRS guidance, see Notice 2021-31, “involuntary termination” for purposes of ARPA means a severance from employment due to the employer’s exercise of unilateral authority to terminate employment other than due to the employee’s request. Examples of an “involuntary termination” include: an involuntary reduction to zero hours, whether through layoffs, suspension or furlough, failure to renew a contract after its expiration date if the employee was willing to continue providing services; resignation due to employer action that causes a material negative change in the employment relationship (such as reduction in hours or pay). An involuntary termination may include terminations for cause so long as the employee has not engaged in “gross misconduct”. An “involuntary termination” does not include absence from work due to illness or disability.

The Department of Administrative Services (DAS) has provided a list of the most commonly used Core-CT Action/Reason codes to identify personnel actions that may qualify as involuntary terminations under the IRS guidelines: Employees whose reason for separation from service received the following Reason codes will be provided an ARPA-COBRA notice by the Healthcare Policy & Benefit Services Division.:

<i>Action</i>	<i>Reason</i>	
TERM	DSC	Discharge
TERM	FWT	Failure of Working Test Period; Return to Layoff/Reempl List
TERM	LAY	Layoff Due to Lack of Work
TERM	LEX	Leave Expired, Not Extended
TERM	NDT	Non-Disciplinary Termination
TERM	NRC	Non-Renewal of Contract
TERM	UAD	Unclassified Appointment Discontinued
TERM	UWT	Unsatisfactory Working Test Period

This is a preliminary list. There may be other Action/Reason codes that will be determined to qualify as an involuntary termination under the IRS guidelines, which require consideration of all the facts and circumstances.

ELECTION PROCEDURES

Involuntarily terminated employees (or dependents of such employees) who assert entitlement to a premium subsidy should be directed to submit the Health Insurance Continuation Election Form and a Request for Treatment as an Assistance Eligible Individual to:

**Anthem Blue Cross and Blue Shield
COBRA Continuation Unit
P.O. Box 719
North Haven, CT 06473-0719
(800) 433-5436**

If you have questions concerning this memorandum, please contact the Central Benefits Unit of the Healthcare Policy & Benefit Services Division, at 860-702-3535 or send an email to osc.benefitcorrections@ct.gov.

Very truly yours,

A handwritten signature in cursive script that reads "Thomas C. Woodruff". The signature is written in black ink and includes a horizontal line extending to the right from the end of the name.

THOMAS C. WOODRUFF, Ph.D.
Division Director