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APRIL 2021

American Rescue Plan Act's Employment-related Provisions

President Joe Biden signed the [American Rescue Plan Act of 2021](#) (ARPA) into law on March 11, 2021. The law generally provides financial relief for individuals, state and local governments, schools, businesses and for other purposes.

In addition, the law contains the following measures of special interest to employers and their employees:

- A subsidy for COBRA premiums, funded through employer tax credits (described in more detail below)
- Extension of employer tax credits for FFCRA employee leave voluntarily provided through Sept. 30, 2021
- Expansion of employee earnings eligible for the FFCRA tax credit

- Inclusion of testing and immunization as reasons for FFCRA leave
- Extension of \$300 increase in weekly unemployment benefits
- Extension of weekly unemployment benefits for workers who otherwise wouldn't qualify for these benefits
- Expansion of subsidy for ACA premiums
- Increase in DCAP contribution limits
- Extension and expansion of the employee retention tax credit

Employers should review the ARPA's provisions to identify any requirements and opportunities that apply to them. Employers should also watch for official guidance on the implementation of the law.

ARPA's COBRA Subsidy Provisions

The ARPA provides a 100% subsidy of premiums for employer-sponsored group health insurance continued under the [Consolidated Omnibus Budget Reconciliation Act of 1986](#) (COBRA) and similar state continuation of coverage (mini-COBRA) programs.

ARPA subsidies cover the full cost of COBRA or mini-COBRA premiums from April 1, 2021, through Sept. 30, 2021, for employees (and their qualifying family members), if the employee lost or loses group health insurance due to an involuntary job loss or reduction in work hours. The subsidy applies to people who are still within their original COBRA or mini-COBRA coverage period, for the length of that coverage period, even if they declined

or dropped COBRA or mini-COBRA coverage earlier.

The subsidy does **not** apply to:

- Individuals whose job loss was **voluntary** or the result of **gross misconduct**; or
- Individuals who are eligible for another group health plan or Medicare.

The subsidies are funded through a refundable, advanceable **payroll tax credit**. Employers are required to provide **new notices** about the subsidy to employees. The Department of Labor (DOL) will issue model notices for this purpose.

The ARPA also allows covered individuals to switch to similarly priced health coverage, if the employer allows it.