

IMPORTANT COVID-19 UPDATE

AMERICAN RESCUE PLAN PASSED IN THE US HOUSE

The US House of Representatives on Saturday passed President Biden's \$1.9 trillion "[American Rescue Plan](#)." Republicans unanimously opposed the bill, and all but two Democrats voted in favor of the bill. The bill now moves to the Senate where it will face greater tests under its reconciliation rules that will allow the bill to pass with a simple majority vote. Democrats hope to get the final version of the bill to the President's desk before March 14th when extended unemployment benefits expire.

Below are the headlines of the provisions that may impact employers and health plan sponsors:

Federal Subsidies for COBRA Coverage

The bill provides COBRA subsidies so workers who have been laid off or had their hours reduced can keep their doctors and health coverage.

- The bill allows workers who are eligible for COBRA due to involuntary termination or reduction in hours to receive coverage under their employment-based health plan with a premium reduction of 85%.
- These subsidies would be available to workers beginning the first month following the date of enactment and will remain available through September 30, 2021.
- The bill also allows for an extended election period to allow individuals who previously experienced a qualifying event to enroll in coverage; requires employers to provide clear and understandable written notices to workers and establishes an expedited review process for workers who are denied premium assistance; and provides a payroll tax credit to allow employers and plans to be reimbursed for the full amount of COBRA premiums not paid by workers.

Increased Premium Tax Credits

The bill reduces health care premiums for low- and middle-income families by increasing the Affordable Care Act (ACA) premium tax credits for 2021 and 2022.

- In combination with COBRA subsidies, the bill would temporarily increase the value of the health insurance premium tax credit (PTC), fully subsidizing health coverage available through ACA exchanges for people earning up to 150% of the federal poverty level (FPL) and those on unemployment insurance.
- The bill would expand eligibility for subsidies to people making over 400% of the FPL and caps their premium costs at 8.5% of income. This expansion of the PTC would last for two years.
- There are various potential implications under the bill for employers and plan sponsors. As more details on the bill unfold, we will share them. For now, we await further details on the progress of the bill. It becomes law only once the President signs a final version of the bill passed by the Sena

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