



## Episode 6:

# COBRA subsidies in the American Rescue Plan Act — Part 2

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**Holly Murphy:** There is so much going on with COVID-19 relief. And there's a lot going on with COBRA right now. So, it's really important to focus your energy on what needs to be done today.

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**Announcer:** You're listening to Benefits, with Purpose!, a Willis Towers Watson podcast, where benefits delivery experts help employers navigate the world of health and wealth benefits and deliver purpose to their people in the moments that matter most.

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**Pratin Shah:** Hello, my name is Pratin Shah. And I'm a managing director in our Benefit Outsourcing line of business. I'm really excited to be back today as your host on today's episode of Benefits, with Purpose!, entitled COBRA Subsidies in the American Rescue Plan Act - Part 2, which I didn't think, going into this, that there was going to be a part two. So, thank you for having me back.

With me today is our resident expert, our compliance guru, Holly Murphy. Holly has multiple roles in benefit outsourcing. But one of them is to help our COBRA administration teams operationalize all of these complex requirements. So really excited to team up with you today, Holly, and share some additional information. You want to reintroduce yourself to the audience?

**Holly Murphy:** Yeah, hi. I'm Holly Murphy. And yeah, it's great to be back. Thank you, Pratin.

**Pratin Shah:** So, I thought maybe before we get into all the recent updates and all of some of the new legislation, maybe I do a quick recap? When we met last time, specific to COBRA subsidies, the new administration under Biden introduced some new legislation around COBRA subsidies. And I thought maybe I'd summarize them for the audience.

The American Rescue Plan Act has just been passed. Subsidies are now 100% of COBRA premium. The employer advances the subsidies. And then it's reimbursed through payroll tax credits. The subsidy period is six

months long. So, April 1st, effective, and it goes all the way through September 30th. But I think, if I was sort of guessing, it probably will be extended.

When we think about eligibility, it's around those COBRA participants as a result of a reduction in hours or an involuntary termination of employment. And I think, to be honest with you, this is the one our clients are really, what I would say, not struggling but complex in terms of getting the right data to us.

I think our teams are working with them, trying to get creative and figure out ways to make sure the data's accurate. But in my conversation with clients, this is the number-one item of how accurate we can be to determine this population. So definitely lots of conversations we're having around this. I think the other important factor around the eligibility is if these participants are eligible for another group medical plan, then this doesn't apply to them, or if they are eligible for Medicare. The COBRA event must occur within 18 months prior to April 20, 2021.

And then last but not least, participants who are currently not enrolled in coverage will get a special opportunity, what we are calling a special window, to enroll in coverage retroactive to April 1st. So, I know we still haven't mailed out any of the information and the letters and the communications. But it will be retroactive to April 1st. So, I said a lot, Holly. And I probably missed something. Or if there's something you want to elaborate on, please add anything else.

**Holly Murphy:** We're very focused on that retroactive population right now because that's where all of our work is. But I just want to add that the subsidy's also available to people who have an event after April 1st. It's just that that's ongoing processing and not retroactive processing. So, it's not as much work.

And the other thing that I'm pretty sure we talked about in that other podcast that you didn't cover is ice cream. So, I want to know what kind of ice cream you ended up picking up at the grocery store.

**Pratin Shah:** You know, it's funny. My kids are plain-Jane vanilla. My wife loves coffee. And I'm a huge pistachio or chocolate chip mint fan.

**Holly Murphy:** That's hilarious.

**Pratin Shah:** All right, so fast forward to today, right? Lots of information to share on today's podcast. So, the Department of Labor published some additional guidance on April 7. I'm hoping to report today that everything's been answered, and all of our questions are outlined in this additional legislation. True?

**Holly Murphy:** Well, let's call the glass half full.

**Pratin Shah:** OK.

**Holly Murphy:** As you said, the Department of Labor, the DOL, published a web page on COBRA premium assistance. And the web page has two sections. There's one for employees. And there's one for employers. But I can save our listeners a lot of work. They're exactly the same. There is one minor difference, but you don't need to worry about it. Basically, they're exactly the same. And they consist of FAQs and model forms. And I have to give the Department of Labor a lot of credit. This was a heavy lift. They had a very short period of time to do it. And they beat the deadline by three days. So that's pretty awesome.

**Pratin Shah:** When you think of deadlines and the government, you're probably not going to be on the same page. But that is pretty impressive.

**Holly Murphy:** Well, and I know I was not very optimistic on our last podcast. But now that I've been nice, I want to talk about the actual materials. And we'll start with the FAQs. And I'm not going to go through the FAQs in detail because most of what's in there is information we've already talked about. And I don't want to be really repetitive. But I want to look at the things that sort of jumped out at me.

So first of all, they did give a little bit of information about the events. And as you said, there's two kind of events. There's involuntary termination. And there's the reduction in hours. So, for the involuntary termination, we were really hoping the Department of Labor would give us more guidance on what is involuntary. And that's a really hard call. And I know we spent a lot of time with clients trying to talk through this issue, looking at the 2009 guidance and kind of wondering what that would work for 2021. Well, none of that is in these FAQs. So that was a bit of a disappointment.

I think that the Department of Labor is deferring to the IRS on this point because this ties a lot into the calculation of the payroll tax credits. So, we're going to have to wait till we get that guidance from the IRS. The other thing that the FAQs talked about is the other event, which is reduction in hours. And there has been a lot of talk about, is it voluntary reduction in hours? Is it involuntary reduction in hours? Or is it both? Well, I think that the FAQs and the other materials make it really clear that it's both. It's both voluntary and involuntary reduction-in-hours events. So, then you get into the same kind of analysis of, well, what is a reduction-in-hours event? That sounds straightforward. But then when you start looking at all the different scenarios in a workplace, it's all over the place.

So, the Department of Labor provided a - they didn't provide a definition of reduction in hours. They just provided a handful of examples. So, a change from full-time to part-time status, well, yeah, that's the classic reduction in hours. Reduced work hours due to change in the employer's hours of operations. OK, that makes sense. A temporary leave of absence, and then participation in a lawful labor strike. So, we have just those four examples. And of course, each incident has to also result in a loss of coverage to be COBRA eligible. But that's the only information we got on reduction-in-hours events. It's really more of an appetizer than an entree. Hopefully the IRS will provide a little bit more meat when we get their guidance.

**Pratin Shah:** Again, clients are really struggling. And we want to support them around getting accurate data. This is sort of a pain point that continuously is top of mind for our clients.

**Holly Murphy:** Absolutely. The other pain point, and this is a big pain point, is the interaction of these COBRA premium subsidy deadlines with the one-year extension deadlines. And we're going to slow this part down because this gets really complicated. And if I just talk through it, I find it a little hard to practice.

And I tend to be really visual. So, Pratin, I thought that we would do a chart. So, we will draw a chart together. So, if you, before we start, can get out a piece of paper and a pen or pencil. And if you're listening to this podcast, you can do the same thing. We're going to draw a little chart.

**Pratin Shah:** [INAUDIBLE] grading me on my art. I think—

**Holly Murphy:** We're going to just grade you on your ability to follow directions.

**Pratin Shah:** OK.

**Holly Murphy:** So just get an 8 and 1/2" by 11" piece of paper and turn it sideways. And then draw a line down the middle of it from left to right. We're going to make a timeline. So, don't put it right at the top or right at the bottom. Put it right down the middle.

**Pratin Shah:** OK.

**Holly Murphy:** And then on the far left, write "November 2020."

**Pratin Shah:** OK.

**Holly Murphy:** And then on the far right, write "May 2022." So, what we're starting with is this is an example of somebody who had a termination of employment, involuntary of course, or a reduction in hours in November of 2020. And actually, right now you can write "QE" next to November 2020. And that stands for qualifying event. And then on the far right over there at May 2022, you're going to write "Max" — M-A-X. So, for an 18-month COBRA event — again, involuntary termination, reduction in hours, or 18-month events — that's what you're

looking at. If your event occurred in November 2020, your maximum COBRA coverage period ends in May 2022.

So, in the middle of your diagram, put a tick mark and write "April 1, 2021." And this doesn't have to be to scale. I don't know what that would take to figure that out — just kind of the middle. And that's the start of the COBRA subsidies. So, we're going to look at how the COBRA subsidies impact this individual who had a qualifying event in November of 2020. And in order to do this, first we're going to look at how the one-year extensions work. So, we're not talking about the subsidy period right now. We're talking about the emergency rules that came out back in May of 2020 that extended COBRA election deadlines for one year. It's not one year from your qualifying event. It's one year from your original deadline. You have a qualifying event. The administrator has 44 days to get the notice out in the mail to you. You then have 60 days from the election notice date to elect COBRA. And then now we're adding a year on top of that. Now, if the participant completes their election within that time period, their coverage starts back on the day after their qualifying event. It's retroactive, that whole period.

OK, so going back to your diagram, where you wrote "May 2022," put a tick mark a little bit to the left of that. And write "EXT" for extension. Because of the one-year extension, that participant who had a qualifying event in November 2020 has until almost the end of their 18-month COBRA coverage period to go back and elect COBRA, all the way back to November 2020. So that is our diagram of how the extensions work. Before I go to the subsidies, do you have any questions about what we've drawn so far?

**Pratin Shah:** Nope. I think I'm pretty clear. So basically, this participant had a qualifying event back in November of 2020, did not enroll, and now has an opportunity, based on some of the new legislation, to re-enroll retroactive to their original qualifying event date.

**Holly Murphy:** Exactly, perfect. See, you're doing great. OK, now we'll talk about the subsidy deadlines. So, as you mentioned at the top, employers have to offer a special election opportunity to qualified beneficiaries with the reduction in hours or involuntary termination events who haven't made an election.

**Pratin Shah:** OK.

**Holly Murphy:** And if the event occurred before April 1st, 2021. And they can elect COBRA with premium assistance, effective April 1, 2021. So, in other words, we're going to open an election window. If they elect COBRA under that election window, the COBRA starts April 1st.

So, I had you mark April 1 on the timeline. That's the subsidy start date. And plans have until May 31st to get participants notice of the subsidies. And then their subsidy will be effective back to April 1st.

And then, by the way, after we get the notice out, they then have 60 days to elect. So, we could have 120 days past April 1, someone is finally electing with the subsidy back to April 1st, 2021. It's going to be crazy.

**Pratin Shah:** So, we talked about the special election window, effective April 1st, in order to be eligible for the subsidies. But if they enrolled in COBRA retroactive to their original qualifying event date, which is November of 2020, do they get two windows? Or how does that work?

**Holly Murphy:** The special election period is only for someone who hasn't made an election.

**Pratin Shah:** Gotcha.

**Holly Murphy:** So, if they've made an election, we will send them a notice regarding the premium subsidies and a form just to apply for the premium subsidies. But they won't get a new election packet because they've already made an election. So, this April 1 period is just for those who don't have an election. That's a good question.

So now let's put the two pieces together. One of the things that these FAQs clarify is that the one-year extension doesn't apply to election for the premium subsidy. So, we talked about mailing the forms by May 31st. And the participant has 60 days to elect with the subsidy, effective April 1st, or they lose the right to the subsidy. Well,

they don't get an additional year on top of that 60 days. So that extension period only goes back to their original COBRA date.

But then the FAQs also say that if they elect COBRA for purposes of the premium assistance, that doesn't cut off their ability to elect COBRA back to their original date. So, let's kind of draw this out. The way I think of it is almost like your COBRA period is broken into two parts. So, the first chunk, take your drawing out and go to November 2020 and drop a line down about an inch.

**Pratin Shah:** OK.

**Holly Murphy:** And then drop another line down in April 2021. And then you can kind of connect at the bottom to create a box. That first chunk, that pre-April-1 chunk, they have one year to elect coverage for that chunk. And again, the one year runs from their original date. So, if you want to draw an arrow from that box over to where we wrote "EXT" at the far right.

**Pratin Shah:** Yeah.

**Holly Murphy:** Yeah, so their deadline for them to elect coverage for that chunk is over there at that "EXT."

**Pratin Shah:** OK.

**Holly Murphy:** So, then you have the premium subsidy period. So now go back to the drawing and draw an inch up from April 1. Up this time, sorry. And draw another line an inch up from May 2022. And make a box above the line. That's the chunk that the premium subsidy election will cover. Now, the premium subsidy's only the first six months of that chunk, only from April 1st, 2021 to September 30th, 2021.

And then after that, the COBRA will keep running. But they have to pay the full premium unless the subsidy's extended. But the thing to remember is to elect coverage as of April 1st and not have to go back to the original qualifying event date, they have to complete an election within 60 days of when we mail the subsidy information to them.

So, what's going to happen for practical purposes is we're going to be mailing a subsidy notice and a subsidy election form to them, telling them if you want the subsidy, you have 60 days to make an election, starting April 1st. But your right to elect coverage for the period to April 1st remains open until the end of your one-year extension period. You can come back to us at any time. Just contact us, and we'll enroll you for that period.

**Pratin Shah:** OK.

**Holly Murphy:** Clear as mud?

**Pratin Shah:** Clear as mud. But the good thing is we're going to provide lots of detail, instructions, and communications. And for clients where we're doing the administration, our call center and our teams are going to be knowledgeable and are going to be able to answer all these questions, which I think will help.

**Holly Murphy:** I think I may have all of them draw diagrams. How did your diagram come out?

**Pratin Shah:** I actually think I did a pretty good job. It was easy to follow once we kind of bucketed everything into timelines and that pre-April-1st period and then the post-April-1st. Again, I think it's clear. I just think that for those that haven't enrolled that are sort of retroactive, they haven't elected in the first place. So now all of a sudden they're going to get this advantage. So, I think we will probably see some activity retroactive which we'll have to take into account and into consideration in our processing.

**Holly Murphy:** Right, yeah. So, I do need to clarify something I said a minute ago, Pratin. I said the normal election deadlines were extended by one year. That one year might be cut off earlier depending on when the National Emergency is lifted. I was just trying to keep my explanation simple. You can just imagine what the diagram would have looked like if we tried to add in the National Emergency period into this.

**Pratin Shah:** Yeah, it would have been a little bit messier. So, Holly, was there — I know it helped us outline the legislation period, the timelines, the retroactive period. The eligibility was more defined. Was there anything new, like any additional topics or anything new, things that they introduced that maybe we weren't anticipating?

**Holly Murphy:** There were a few things that jumped out at me. One thing that jumped out at me was that the Department of Labor included a statement about possible employer penalties. And there is an existing penalty if an employer fails to timely send out COBRA notices. And it's an excise tax of \$100 per participant per day. So, if you have 10 participants, that's \$1,000 a day, which is a lot. It is capped at \$200 per family. And those have always existed. Those penalties are not new. They've been in place since when the dinosaurs roamed the earth.

What the Department of Labor is doing here is they're saying that penalty applies to offering the special election opportunity and sending the subsidy notices out. So that, to me, makes it really important that we are sure that we get the subsidy notices out to people who are eligible for them. The other thing that's notable is that the Department of Labor is reciting these penalties in materials that are for participants. None of the standard COBRA notices talk about employer penalties. But it's in the subsidy FAQs. And it's also in the summary sheet that goes to participants. So, I think the Department of Labor is essentially deputizing the participants to report violations to them. And that, again, tells me that we need to be a little more risk averse in this process.

**Pratin Shah:** Is there any additional information? I know we're focusing on, when we think of coverage, medical. And is there anything different on some of the other supplemental benefits or ancillary benefits, like dental, vision, et cetera? Or is it across the board?

**Holly Murphy:** No, I really wish there were. All that it says throughout these materials is that the COBRA premium subsidy applies to group health benefits. And we're all assuming that means medical and dental and vision and other COBRA-eligible benefits because that's how it worked in 2009. I think for purposes of planning, that's a reasonable assumption. But it sure would be nice if they spelled it out. Actually, on that note, I have a complaint.

**Pratin Shah:** OK.

**Holly Murphy:** There's a lot of places in FAQs and the model notices where the Department of Labor refers to "accepted benefits." Like, it says, you're not eligible for the premium subsidy if you're eligible for other group health benefits other than accepted benefits. And, Pratin, I challenge you to go to downtown Philadelphia and stop someone in the street and say, excuse me, ma'am, excuse me, sir, what are accepted benefits? Because unless you work in our business, you don't know what that means. There is a footnote in small font on one of the summary sheets that says, accepted benefits generally means dental and vision. But you have to dig to find it. So that's a little point of frustration for me.

**Pratin Shah:** I think even if you're in our business, sometimes it's confusing.

**Holly Murphy:** Actually, yeah, that's a good point. I hadn't thought about that. The other complaint I have with the materials, this is actually a completely different thing; this is a soapbox I get on, is over and over again throughout the materials it says, if you qualify for the premium subsidy, you don't have to pay any premiums. And that's not entirely true.

Now, the subsidy is 100% but only for those group health benefits, again, medical, dental, and vision, maybe a couple others. But health care flexible spending accounts are specifically excluded. And I know whenever health care flexible spending accounts and COBRA comes up, everyone goes, oh, no one elects COBRA for FSAs. It doesn't make any sense. Well, actually we have quite a few participants who elect COBRA for FSAs. It's actually not that unusual. There are also some other non-COBRA benefits that are continued under state law that are not going to be eligible for the premium subsidy. So, I really wish they qualified that a little bit.

And then the last thing I would say is there's zero discussion of how to calculate the employer's payroll tax credit, which a lot of our clients are asking about. And we don't have any guidance to give them other than

looking back to what happened in 2009. So again, we really need some more guidance. And we're hoping that that will come from the IRS.

**Pratin Shah:** So, there's a lot to unpack here. But maybe I take a quick second and summarize all the information in terms of forms and notices that were published on the website.

So there's the ARP Election Notice, the Extended Election Period Notice, the Model Alternative Notice, Notice of Expiration of Premium Assistance, and the Summary of COBRA Premium Assistance Provisions, including requests for treatment, which by the way, when I read that and I was going over this, I was very confused by that terminology, "request for treatment." It doesn't seem like it would be appropriate as far as what we're talking about. But I guess they came up with that, or somebody came up with that. Should we spend a minute on some of these?

**Holly Murphy:** I think we want to start thinking about election notices. As an employer, as a plan sponsor, you definitely want to start thinking about it. And it is overwhelming to look at that list. There's a lot of notices there. So, I'm going to try to unpack those a little bit.

So, we'll start with the first form, the ARP Election Notice. The actual title of that form is "Model General Notice and COBRA Continuation Coverage Election Notice." And I hate to start on a negative note, but using the term "general notice" is very confusing for COBRA administrators. The Department of Labor has a model general notice on their website just normally. And that's the notice that's provided when the participant first enrolls in active coverage. It's also sometimes referred to as an initial rights notice. But this notice that they're calling a general notice on the subsidy page is not an initial rights notice. It's an election notice.

So, I think that's very confusing. I know when I first looked at the web page, I thought, oh, wow, they changed the initial rights notice. But they did not. Again, this is just an election notice. So, with that said, this particular notice is for participants who have new qualifying events from April 1st, 2021 to September 30th, 2021. So, this is not that pre-April-1st group that we drew the diagram about. This is about someone who maybe has an involuntary termination in April or May or something. So, the first question is probably, how is this different from the Department of Labor standard model notice? I ran a doc compare because I wanted to know that because I thought, oh, this looks just like the regular model notice.

And I think if you're looking at this, it is helpful to download the Word version. Pull the Word version of the Department of Labor's model notice and run a doc compare in Word and get an idea of what the differences are. I will summarize those differences here. There are a couple of paragraphs on COBRA subsidies, which is what you would expect. So, it's standard election notice material plus a couple of paragraphs on subsidies.

And then I'm going to get on my soapbox again. There's a whole bunch of material on the health insurance marketplace. The FAQs, the model notices, they have extensive provisions on the marketplace, much of which has nothing to do with COBRA or COBRA subsidies. Basically, the Department of Labor is taking this opportunity to wage a marketing campaign on behalf of the marketplace, which is fine. But that's really beyond what we're legally required to do. I mean, don't take legal advice from a podcast. But I think there is a question as to how much of this the plan sponsor has to use.

And I know one of the concerns that we have is that we do run a call center. And we're worried about putting out too much marketplace material, and then callers are going to call us up and say, well, what does this paragraph mean? And that is not something that we want our call center representatives answering because we're not the marketplace. We don't, at the end of the day, know how their rules work.

But with all of my complaints aside, I want to talk about how the notice will be used in real life. I would not expect any COBRA administrator to just adopt this form as is. Most COBRA administrators, including us, we built out our own forms with provisions that aren't addressed in the Department of Labor model. So, it's not really just a simple update of a Word document. It's actually a lot more complicated than that. And also, all of our processes are automated. We get data files in. And we do something like a merge. I don't know what the technical term for it is. But everything is all set up and programmed. And if we start making a new special election notice just for

COBRA subsidies, there's the risk of throwing all that programming off. So that's why I don't think you're going to see COBRA administrators using this as is.

Here's what I think they're going to do. I think they're going to create a supplement packet that they're going to send with the election notices. So they're going to pull the model language out of this notice that relates to subsidies, maybe some of the marketplace notice information, and make up a packet with the form for applying for the premium subsidy and just stick that in with the election notice. That, to me, makes a lot more sense than trying to create a new election notice.

I do want to talk a little bit about what's missing from this notice. This notice does not try to explain how the premium subsidy deadlines interact with those one-year extensions that we just spent how much time drawing a diagram on. There's a little bit about it in the FAQs. And I would bring some of that detail from the FAQs into the notices. Keep in mind that we're not mailing the FAQs to the participants. We're mailing them election notices. And I don't think it makes sense to print and send them the FAQs. I think it's fine to send them a link to the FAQs in case they want to go look at them. But I think I would bring some of that selected text into a supplemental package. So that's the first notice.

The second notice is called the "Model Notice in Connection with Extended Election Period." So, this is the notice for the special election opportunity for individuals who have an event before April 1st. Again, it's essentially an election notice, which I have all the same complaints that I had with the other form. But if you look at the form, it also says that it's for individuals who are currently enrolled in COBRA. Well, I wouldn't use this form for participants who are currently enrolled in COBRA unless the employer is opening an election window so participants can change their coverage options, which none of our clients so far have indicated any interest in doing. And none of our clients did in 2009. This form is essentially an election notice. And I wouldn't send an election notice to participants who have an active election because I think it's very, very confusing.

So as with the other notice, I don't see administrators creating a form just for this purpose. I think they'll create a supplemental packet for qualified beneficiaries who had a reduction in hours or involuntary termination event and send that to them with an election notice so they can elect as of April 1st.

If the participant already has an election, I think administrators will just send them the application form and some information about the subsidy instead of sending them this long election notice.

**Pratin Shah:** Right.

**Holly Murphy:** The next document is called the "Model Alternative Notice." That's for use by insured coverage, I'm just going to quote what it says, "by insured coverage that is subject to state continuation requirements." I'm not going to go through that because I don't deal with that kind of coverage. And so, I really can't provide much insight into it.

All right, the last document, which has a very unwieldy title, is the "Summary of COBRA Premium Assistance Provisions Under the American Rescue Plan Act of 2021 and the Request for Treatment Form." So, this form is actually the most important because this is where the rubber hits the road. This is the meat of the subsidy process from the participant's perspective. There's a cover sheet summarizing key aspects of the subsidies. And then there's the form that you talked about earlier, the request for treatment as an assistance-eligible individual. It's the form for certifying eligibility for the subsidy, very similar to the form that we had in 2009 under ARRA. But I'm with you, I hate the title. I see "requests for treatment," and it sounds like they have to fill this form out before they go to the doctor. I would like to change the title to just an "Application for Premium Subsidy Under the American Rescue Plan Act of 2021" or something like that. So that is the actual document.

**Pratin Shah:** So, wow—

**Holly Murphy:** I'm sorry, I just realized I forgot one. There's also a subsidy expiration form. This is probably what you were going to say.

**Pratin Shah:** Yep.



**Holly Murphy:** So, it's called a "Model Notice of Expiration of Premium Assistance." And it's about two pages of really important information about expiration of premium assistance and then about four pages of marketplace marketing materials. So, I see what you're up to, DOL. Sneaky, right? This form has to be sent between; this is kind of unusual because there's a date range. Usually we just have a deadline. But this has a 'no earlier than and a no later than' date. It has to be sent between August 16th and September 15th, 2021. And it's just to tell participants your subsidy's expiring. And you're going to have to pay the full premium going forward if you stay in COBRA. For me, this form is a summer vacation project. It's not a today project because for today I'm focused on everything we need to do just to get those subsidy notices out the door.

**Pratin Shah:** No, I think that actually makes sense because I think all of our clients are going to ask us, what should I do now? What should I focus on? What do I need to plan for? And then hopefully sort of map out the next three to six months, which will probably change based on additional guidance. But at least giving them some sort of direction would help them prioritize obviously the impact that this is going to have.

**Holly Murphy:** Yeah, absolutely.

**Pratin Shah:** So, Holly, what's next? What should we do right away? Is there something, I know for clients where we're doing administration, we're going to reach back out to our clients, put together project plans and timelines and things like that. What should our clients be thinking of now?

**Holly Murphy:** Yeah, there is so much going on with COVID-19 relief. And there's a lot going on with COBRA right now. So, it's really important to focus your energy on what needs to be done today.

That reminds me, I have to tell you what I'm focusing on, which is I'm doing a kitchen remodel. I don't know if I told you about that. I live in one of these old 1920s buildings in Chicago. And my kitchen is really due for an update. And you're probably asking yourself, what on Earth does this have to do with COBRA subsidies?

**Pratin Shah:** Maybe.

**Holly Murphy:** Well, one of the things — yeah. Well, one of the things I've learned is that the cool thing right now is to have a six-burner stove. And I'm not really sure that I could work with a six-burner stove. I know the professional chefs could do it. But that seems like a lot. I feel, though, with COBRA like I'm working at a six-burner stove and I've got a pot on every burner. So, if you visualize that, on the front burner, you have a pot that's boiling. And that's your data on involuntary terminations and reduction-in-hours events back to October 2019. You need to tend to that pot before it boils over. Your COBRA administrator really needs that information so they can get the subsidy and special election notices out the door.

**Pratin Shah:** Perfect.

**Holly Murphy:** There's another pot next to that that's kind of simmering. And that's the subsidy notices. And you're kind of watching that pot. But really that's your COBRA administrator's job. They're keeping an eye on that pot, trying to get the data and get the forms out the door and make sure that doesn't boil over.

Now, there's another pan on the back burner on low heat. That's your payroll tax report. We haven't talked much about this. But in order to get reimbursed for the premium subsidies, the employer has to claim a credit on their payroll tax report.

We don't have a lot of information on that. But your report, your first payroll tax report under the subsidies for April, May, and June is not due until the end of July. So, we're just going to let that pan sit back there on low heat. We're going to let it caramelize. Payroll tax credits are so much more flavorful when you let them caramelize.

And finally, you've got another pan. You're going to only use four of the six burners. You've got a pan that's sitting on a cold burner. That's your subsidy expiration notice. You don't want to start cooking those because they need to be served warm. You want to wait, make sure the subsidies aren't extended, and then you worry

about those. And then the last two burners, you've got all the other projects that you're trying to do in your spare time, like get ready for annual enrollment, right?

**Pratin Shah:** Oh, exactly.

**Holly Murphy:** So yeah, I would say focusing on May 31st and getting those election notices and subsidy notices out the door, that really is the number one priority right now. And thanks for bearing with me on my kitchen remodel project story.

**Pratin Shah:** OK, you just got me a little hungry. But that's fine. Holly, I know we can probably talk about this for hours. But I just want to say thank you. Your support and ability to understand this very complex legislation has been truly appreciated, I know, by our client teams and our clients. So, any parting words or anything you want to say to the audience?

**Holly Murphy:** No, I think the big thing is that our next step is thinking about the payroll tax credits and what we're going to need to do to get those done and get those filed in time. That'll be our next challenge. So, have that in the back of your mind.

**Pratin Shah:** OK. Well, then, I want to thank our "Benefits, with Purpose!" listeners for joining us. I don't have a crystal ball. But my gut tells me we might be back recording a part three.

**Holly Murphy:** Oh, really? Are we going to be bigger than Bridgerton?

[MUSIC PLAYING]

**Pratin Shah:** Maybe. But please make sure to subscribe, for those that are listening, to our future episodes. And we definitely look forward to seeing you next time. Thank you.

**Announcer:** Thank you for joining us for this Willis Towers Watson podcast, featuring the latest thinking on the intersection of people, capital, and risk. For more information, visit the Insights section of [willistowerswatson.com](http://willistowerswatson.com).