



**IMPORTANT INFORMATION REGARDING YOUR COBRA COVERAGE: QUESTIONS? CALL 877-565-9597 TO SPEAK TO A TAXSAVER PLAN REPRESENTATIVE.**

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Hello,

The IRS and DOL issued joint guidance (Disaster Relief Notice 2020-01) in April of 2020 that directed Plan Sponsors and group health plans to disregard the periods of time between March 1, 2020 and 60 days after the announced end of the COVID-19 National Emergency when calculating certain periods of time for group health plans. This was called the “outbreak period”. Basically, plans were required to stop counting with respect to certain time periods during the outbreak period. Once the outbreak period ended, plans could resume the time periods. Although the end date of the outbreak period was identified in the notice as 60 days after the end of the national emergency, the relief was a product of ERISA Section 518, which imposes a 1 year maximum on the outbreak period. On February 26, 2021, the DOL issued updated guidance in Notice 2021-01 to explain the application of the 1 year maximum and clarify the end of the outbreak period.

Under Notice 2021-01, the outbreak period will not end in its entirety until 60 days after the end of the National Emergency (i.e. likely well beyond February 28, 2021); however, the 1 year maximum will be applied to individually affected time periods. Thus, the outbreak period for each individually affected time period will end the earlier of:

- ) One year from the date the person was first eligible for relief;
- ) 60 days after the announced end of the National Emergency.

***You are receiving this notice because your COBRA event OR subsequent election and/or payments occurred during the outbreak period and the affected time periods apply to your individual situation. If you have questions regarding the due date for electing COBRA or paying premiums as a result of this guidance, please call TaxSaver at the number above for assistance.***

This applies to any of the following time periods any portion of which occurred during the outbreak period:

- ) The 60-day COBRA election period;
- ) The 60-day period to notify the plan administrator of a qualifying event or a 2<sup>nd</sup> qualifying event (e.g. divorce) or a disability determination by the Social Security Administration;
- ) The 45-day period to pay the first premium once you have elected;
- ) The 30-day grace period after the due date for a monthly premium.

The following examples illustrate application of this rule.

**COBRA Elections:**

In the absence of the Outbreak Period, Bob’s COBRA election period would have begun May 1, 2020. If the Outbreak Period has not ended in its entirety, the Outbreak Period will end for Bob with respect to this election period on April 30, 2021—1 year after the start of Bob’s election period. Bob will then have 60 days to elect COBRA beginning May 1, 2021. His new election date is June 29, 2021.



NOTE: The agencies provide a simple formula for applying the 1 year to identify the new due date. Instead of measuring the 1 year period from the beginning of the election period and then adding the disregarded days of the election period, you can simply add 1 year to the otherwise applicable due date to identify the new election period. You arrive at the same date either way. For example, in the example above, Bob's original COBRA election due date would have been June 29, 2020. If you add 1 year to that date, his new election due date becomes June 29, 2021.

**COBRA Premium Payments:**

Monthly COBRA premiums are typically due on the 1<sup>st</sup> of the month with a grace period of 30 days after the 1<sup>st</sup> day of the month. Assume that Sue was on COBRA but stopped paying premiums in April 2020. If the Outbreak Period has not ended in its entirety, the Outbreak Period for Sue with respect to the April premium will end March 31, and Sue will be required to pay the April premium within 30 days, or April 30, 2021. Or said another way, Sue's original end date for paying the April 2020 premium was April 30, 2020; therefore, Sue's new end date for the April 2020 premium is April 30, 2021—1 year after the original end date of April 30, 2020.