



# Q-tips Newsletter

March 2021



## Additional ARPA Points

### Paid Leave

While the ARPA does not require employers to provide paid leave for employee absences related to COVID-19, it does extend the tax credit allowed for voluntarily extending FFCRA-like leave from March 31, 2021, to September 30, 2021.

### Unemployment

The act extends three unemployment programs through September 6, 2021 – Pandemic Emergency Unemployment Compensation (PEUC), the Pandemic Unemployment Assistance (PUA) and the Federal Pandemic Unemployment Compensation (FPUC)/Mixed Earners Unemployment Compensation (MEUC).

### The Employee Retention Credit

This credit, enacted under the CARES Act, is extended to Dec. 31, 2021. It allows qualifying employers to claim a credit for wages paid to workers they retained on their payroll during the pandemic.

**Please let us know if you would like to learn more.**

## American Rescue Plan Act (ARPA) of 2021

On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA) of 2021 to provide economic relief during the coronavirus pandemic. The \$1.9 trillion measure has several provisions of note that directly affect employers. Below, you will find points that we believe to be helpful to your business as it relates to benefits.

### COBRA

- From April through September 2021, free COBRA coverage is available for employees (and their covered family members) who lost group health insurance due to an involuntary termination or reduction in hours due to the pandemic. [This subsidy](#) does not apply to those who voluntarily quit their employment.
- Individuals covered by COBRA during this period will not be charged any premiums. Instead, self-insured employers will cover the COBRA premiums and take a dollar-for-dollar tax credit by retaining the amount of payroll taxes equal to the amount of COBRA premiums paid, rather than deposit them with the IRS. For fully insured plans, the credit is claimable by the insurer.
- Within 60 days of April 1, a notice of a special enrollment period must be sent to all eligible participants who have not yet elected COBRA coverage by April 1, or who elected COBRA coverage but then discontinued it. Due to former COBRA election [deadline extensions](#), this group will include those who lost coverage at the start of the pandemic; however, the duration of COBRA coverage will still be measured from the date of the original qualifying event.
- The Department of Labor will issue model COBRA notices addressing the subsidy, and additional guidance.

### Dependent Care Assistance Programs (DCAP)

- The annual limit for DCAP elections in 2021 has increased temporarily from \$5000 per year to \$10,500 (and from \$2500 to \$5250 for those married filing jointly). Employers may voluntarily amend their plan to allow the increase if the amendment is adopted by the last day of