



Recently, President Biden signed the American Rescue Plan Act of 2021. The plan extends the availability of payroll tax credits to employers who **voluntarily** chose to extend the FFCRA type leave. Additionally, there are changes to the qualifications for Paid Sick Leave (EPSL) and Emergency Family and Medical Leave (EFML).

In addition to the payroll tax credit extension and changes to the qualifications for Paid Sick Leave and Emergency Family and Medical Leave, there are now subsidies available to COBRA-qualifying employees within a certain timeframe, starting April 1, 2021.

Read below for more answers to your burning questions about this new act!

Q: What are the new qualifications for Paid Sick Leave under this new act?

A: The Rescue Plan adds three additional qualifying reasons for Paid Sick Leave. These reasons include:

- Obtaining a COVID-19 vaccine;
- Recovering from any illness or condition related to the COVID-19 vaccine; or
- Seeking or awaiting the results of a COVID-19 diagnosis or test if either the employee has been exposed to COVID-19, or the employer requested the test or diagnosis.

Additionally, the Emergency Family and Medical Leave Expansion Act originally applied only to absences from work that were related to school closings. The American Rescue Plan expands the leave to include all qualifying reasons for which an employee could take paid sick leave under the FFCRA.

Q: What additional changes should I be aware of with the Paid Sick Leave and Emergency Family Medical Leave?

A: The Rescue Plan will reset the 10 day/80-hour limit for Paid Sick Leave starting April 1, 2021.

What does this mean for employers? If any of your employees have previously exhausted their Paid Sick Leave under the FFCRA, they will now have 10 days/80 hours to use again effective April 1, 2021.

In addition, the first two weeks of EFML Leave will now be paid. Therefore, if an employee qualifies for EFML, they are eligible for a full 12 weeks of paid leave. This will only be applicable if they have not already previously exhausted the EFML within the last 12 months.

The plan has also increased the total allowable amount for EFML from \$10,000 to \$12,000.

Q: Is the payroll tax credit being extended for the Paid Sick Leave and Emergency Family and Medical Leave?

A: Yes. The Employer Tax Credit for the EPSL and EFML will be available for those who **voluntarily** offer this paid leave through September 30, 2021.

Q: What does this new COBRA subsidy cover?

A: The new subsidy will allow employees to get their COBRA covered at 100%. This subsidy will be in place starting 4/1 and ending on 10/1. Employers will be reimbursed using payroll tax credits.

All employees who had their hours reduced or were terminated will be eligible. Any employee who voluntarily resigned or involuntarily terminated due to misconduct will not be eligible for this subsidy. There will be two date ranges to determine who is eligible:

- COBRA Enrollee's- Any employee who elected COBRA between November 1, 2019 until now. Even if an employee dropped their COBRA coverage, they would have the option to re-enroll on 4/1 until the end of their original 18-month eligibility window. For example, an employee who elected COBRA effective 6/1/2020 would have 9 months of eligibility remaining.
- COBRA Qualifiers- Any employee who was offered COBRA after March 1, 2020 but did not elect will be given another opportunity to enroll. The same 18-month eligibility limits will apply.

Notifications will be sent to all eligible employees after the DOL releases their guidance. The DOL has until April 10th to give their guidance. COBRA administrator's will then have 30 days from the date the DOL releases guidance to provide notifications.

Q: Will all employees be eligible for COBRA subsidy effective 4/1, even if they cancelled their COBRA coverage in 2020 or 2021?

A: Yes. Employees will be allowed to have a gap in coverage and enroll in COBRA effective 4/1. We will provide additional updates once the DOL provides their guidance after 4/10.