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OCA's ARPA Invoice Alert

With the American Rescue Plan Act (ARPA) and its COBRA subsidies now in the rearview mirror, OCA has begun issuing invoices to applicable clients for administrative fees associated with ARPA. This email alert is intended to provide an overview of the OCA ARPA invoice and why it is being issued.

Why is OCA issuing an invoice for ARPA Notices?

ARPA required employers to issue a special election notice as well as a subsidy expiration notice to all Assistance Eligible Individuals (AEIs). OCA previously [communicated in the spring 2021](#) that we were charging a one-time special APRA per notice fee of \$2.50 to accommodate the notice requirements under the new law. OCA will now be invoicing applicable clients who had any ARPA notices issued.

Why is OCA issuing an invoice for 2% COBRA Administrative Fees?

Historically, COBRA participants are responsible for paying 102% of their COBRA premium. For example, if the monthly premium is \$100, the COBRA participant is responsible for paying \$102. This additional 2% fee is an administrative fee that is charged by COBRA Third Party Administrators to handle the ongoing administrative support.

During the period beginning on April 1, 2021 and ending on September 30, 2021, ARPA established a 102% COBRA premium subsidy for assistance eligible individuals (AEIs). Since the COBRA premium was fully subsidized during this time, OCA was not collecting the 2% administrative fees from the COBRA participant. Under ARPA, employers would have or will be receiving a premium tax credit for the full 102% premium. Therefore, using the same example as above, the employer would receive a premium tax credit for \$102 (including the 2%). OCA is now issuing an invoice to employers to collect the 2% administrative fees for the subsidy months (April through September).

If you are an employer that has yet to file your subsidy credit with the Federal Government, we have provided a helpful guide below.

How does a premium payee (i.e., the employer) claim the premium assistance credit?

An employer claims the subsidy credit by reporting the credit and the number of individuals receiving COBRA premium assistance on the designated lines of its federal employment tax return(s), usually Form 941, Employer's Quarterly Federal Tax Return. In anticipation of receiving the credit to which it is entitled, the employer may;

(1) reduce the deposits of federal employment taxes, including withheld taxes, that it would otherwise be required to deposit, up to the amount of the anticipated credit, and

(2) request an advance of the amount of the anticipated credit that exceeds the federal employment tax deposits available for reduction by filing Form 7200, Advance Payment of Employer Credits Due to COVID-19. See Notice 2021-24 for more information regarding the reduction in deposits for the credit and other employment tax credits.

Should you have any questions or concerns, please feel free to contact OCA at 855-622-0777 or email accounting@oca125.com.

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