



# AFSCME Facts

## Help for Unemployed Workers In the American Rescue Plan March 23, 2021

The American Rescue Plan Act of 2021, signed into law by President Biden on March 11, 2021, provides substantial assistance to unemployed workers by extending the temporary expanded unemployment insurance (UI) benefits that generally were due to expire in March. Most of these provisions originated in either the Coronavirus Aid, Relief, and Economic Security (CARES) Act or the Families First Coronavirus Relief Act (FFCRA) and were extended in the Consolidated Appropriations Act (CAA) of 2021. The American Rescue Plan also supports jobless workers by providing financial assistance for purchasing health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and the Affordable Care Act (ACA). This fact sheet provides an overview of these benefits.

### **What are the key kinds of help provided for unemployed workers in the American Rescue Plan?**

**Unemployment Benefits** — All of the temporary COVID-19 UI benefits in effect through March 14, 2021, were extended through Sept. 6, 2021. Workers receiving UI benefits during this time will get an extra \$300 per week on top of their UI checks. In addition to paying for these temporary benefits, the federal government will continue to pay UI programs for 100% of the cost of existing short-term compensation (or work sharing) programs and 75% of the cost of benefits owed by most governmental employers and some not-profits. Further, workers who received UI benefits in 2020 and generally had less than \$150,000 in income will not owe federal income tax on the first \$10,200 in UI benefits they received.

**Health Benefits** — The American Rescue Plan provides two forms of help for getting health benefits.

- The federal government generally will pay the full cost of COBRA health premiums for workers who lose or have lost job-based health coverage because they lost a job or had their hours reduced. This assistance is provided for months of coverage beginning on or after April 1 and through Sept. 30, 2021.
- Individuals who receive unemployment benefits during any week in 2021 are eligible for maximum ACA premium subsidies and cost-sharing reductions (i.e., reductions in out-of-pocket costs, such as deductibles) during the year, regardless of what their actual income is. Maximum premium subsidies allow an individual to purchase coverage without having to pay anything toward the premium.

**What types of unemployment benefits does the American Rescue Plan provide?**

<b>Types of Help</b>	<b>Who Gets What and When</b>	<b>What It's Called</b>
<b>Unemployment Insurance (UI) Benefits for a Longer Time</b>	Workers who have used up their regular state UI benefits get an extra 53 weeks of UI through Sept. 6, 2021.	Pandemic Emergency Unemployment Compensation (PEUC)
<b>Help for Workers Who Do Not Get UI</b>	Workers left out of traditional state UI or workers who have exhausted their regular or extended state UI or PEUC get benefits for up to 79 weeks through Sept. 6, 2021, if they lost work for COVID-19-related reasons. Benefit calculations rely on the regular UI formula or special rules for workers whose benefit cannot be determined using that calculation. The minimum benefit is 50% of the state's average UI benefit.	Pandemic Unemployment Assistance (PUA)
<b>A Bigger Benefit</b>	Workers receiving regular and any extended UI, PEUC, PUA or the Mixed Earner Unemployment Compensation (MEUC) benefit get an <i>additional \$300 per week</i> after a state agrees to provide this benefit until September 6, 2021.	Federal Pandemic Unemployment Compensation (FPUC)

**Who qualifies for traditional UI and for how long?**

Each state sets its own guidelines for eligibility for UI benefits, but workers usually qualify if they:

- ***Are unemployed through no fault of their own.*** In most states, this means you have to have left your last job due to a lack of available work. Workers also can be eligible in some cases if they are partially unemployed because they have had their hours reduced.
- ***Meet work and wage requirements.*** You must meet your state's requirements for wages earned or time worked during an established time period before becoming unemployed or partially unemployed.
- ***Meet any additional state requirements.*** A state may set other conditions for eligibility.

Workers might not qualify for UI for varying reasons. For some, such as self-employed people, their work might not be covered by the UI program. Others might not have earned enough or worked long enough or might be seeking part-time work. Also, the reason they separated from their last job may not qualify them (e.g., if they quit their job to care for a family member).

Regular UI benefits are available for as long as 26 weeks, depending on state law. After the initial period expires for regular UI, workers may be eligible for Extended Benefits. The basic Extended Benefits program provides up to 13 additional weeks of benefits when a state is experiencing high unemployment. Some states have also enacted a voluntary program to pay up to seven additional weeks (20 weeks maximum) of Extended Benefits during periods of extremely high unemployment.

### **What temporary help may be available for workers who qualify for traditional UI benefits?**

Workers who qualify for traditional UI might get four major kinds of additional help:

- ***Federal Pandemic Unemployment Compensation (FPUC)***. An *extra \$300 a week* for anyone receiving traditional UI, PEUC, PUA or MEUC through Sept. 6, 2021. Everyone who is eligible receives the full \$300, even those receiving a partial unemployment check.
- ***Pandemic Emergency Unemployment Compensation (PEUC)***. An *extra 53 weeks* (retroactive to Jan. 27, 2020, the date of the federal public health emergency declaration) of benefits after regular state UI benefits run out and available through Sept. 6, 2021. PEUC beneficiaries also receive the extra \$300 weekly FPUC benefit through Sept. 6, 2021.
- ***Pandemic Unemployment Assistance (PUA)***. A benefit for workers who have used up their regular or extended state UI or PEUC get PUA benefits for up to 79 weeks (retroactive to Jan. 27, 2020). PUA recipients will also automatically receive the extra \$300 weekly FPUC benefit through Sept. 6, 2021.

Many states that usually require newly unemployed workers to wait one week before receiving benefits waived that requirement when the CARES Act provided full federal funding of that first week. The American Rescue Plan restores that full federal funding for the first week through Sept. 6, 2021. States also have been encouraged by Congress to ease up on other rules during the crisis, such as the requirement that someone actively look for work, given the widespread stay-at-home and closure orders around the country.

### **What types of help are available for workers who do not qualify for traditional UI benefits?**

Workers who do not qualify for traditional UI benefits (e.g., regular UI or Extended Benefits) or PEUC — including those who have used up all of those benefits or are self-employed or independent contractors, partially unemployed, seeking part-time employment, lacking enough work history or not otherwise qualified for traditional UI — may be eligible for two kinds of help:

- ***Pandemic Unemployment Assistance (PUA)***. *Up to 79 weeks of benefits* retroactive to Jan. 27, 2020 and ending no later than Sept. 6, 2021. Benefit amounts are generally determined using the regular UI calculation or special rules for workers whose benefit cannot be determined using that calculation (e.g., self-employed workers). PUA provides a minimum benefit equal to 50% of a state's average weekly unemployment benefit.
- ***Federal Pandemic Unemployment Compensation (FPUC)***. An *extra \$300 a week* for anyone receiving PUA, beginning on the date a state agrees to provide this benefit and ending no later than Sept. 6, 2021.

To be eligible for PUA, applicants must show that they are otherwise able to work and available for work, except that they are unemployed, partially unemployed, or unable or unavailable to work due to one of these COVID-19 related reasons:

- They have been diagnosed with COVID-19 or have symptoms of it and are seeking a diagnosis.

- A member of their household has been diagnosed with COVID-19.
- They are providing care for someone diagnosed with COVID-19.
- They are providing care for a child or other household member who cannot attend school or work because it is closed due to COVID-19.
- They are quarantined or have been advised by a health care provider to self-quarantine.
- They were scheduled to start employment and do not have a job or cannot reach their place of employment as a result of a COVID-19 outbreak.
- They have become the breadwinner for a household because the head of household has died as a direct result of COVID-19.
- They had to quit their job as a direct result of COVID-19.
- Their place of employment is closed as a direct result of COVID-19.

The Secretary of Labor also can establish other reasons that would make a worker eligible for PUA but, to date, has not. Workers are not eligible for PUA if they are able to telework with pay or are receiving paid sick days or paid leave. Undocumented workers are also not eligible for PUA. Documented agricultural workers are eligible for PUA.

### **What other UI changes or extensions are included in the ARP?**

The American Rescue Plan includes some provisions affecting PUA:

- ***Waiving PUA Overpayments.*** States can choose to waive PUA overpayments made without fault of the claimant or when repayment would violate “equity and good conscience” (e.g., repayment would be painful for the claimant). States can also waive the Lost Wages Assistance (the six-week \$300 benefit authorized through a Presidential Memorandum in August 2020) overpayments under the same circumstances.
- ***PUA Hold Harmless Provision.*** The American Rescue Plan holds harmless claimants for PUA overpayments made in error by the state to workers who are eligible for PEUC as long as they receive payment from only one of those programs for the same week of unemployment.
- ***PUA Appeals and Retroactivity.*** The new law allows PUA appeals to be at the state level and limits retroactivity of new PUA claims to Dec. 1, 2020.

The legislation includes some fixes to and extensions of UI provisions in the earlier COVID-19 relief laws:

- ***Mixed Earner Unemployment Compensation (MEUC).*** This optional provision allows states to provide a federally funded \$100 per week additional benefit to individuals who have at least \$5,000 per year in self-employment income but are disqualified from receiving PUA because they are eligible for regular state unemployment benefits. MEUC benefits begin the week ending Jan. 3, 2021 and end on Sept. 6, 2021. Claimants also receive the \$300 FPUC supplemental weekly payment until Sept. 6, 2021.
- ***Benefit Week Fix.*** Claimants can keep collecting benefits based on the original year for which they qualified for UI. This is important for beneficiaries who have reached one year of collecting unemployment — when most state agencies recalculate benefits based on

prior-year earnings. During lengthy recessions, this recalculation could result in a significant benefit cut for individuals who had sporadic work or were unemployed for the entire year.

- ***Extension of Short-Time Compensation (STC), or Work-Sharing:*** The American Rescue Plan extends full federal funding of work-sharing programs through Sept. 6, 2021 in states with permanent programs in place as of March 27, 2020, and 50% federal funding of these programs in states that set up COVID emergency programs.
- ***Extension of full federal financing of extended benefits.*** The American Rescue Plan extends full federal financing of extended benefits through Sept. 6, 2021.
- ***75% Forgiveness for “Reimbursing Employers.”*** The legislation extends through Sept. 6, 2021, a provision that provides federal support to cover 75% of the costs of unemployment benefits for employees of most state and local governments and some non-profit organizations.
- ***Interest-Free Federal Loans.*** States exhausting their trust funds will not have to pay interest on federal loans (for payment of state unemployment benefits) through Sept. 6, 2021. The loans allow states with low balances in their unemployment trust funds to delay employer tax increases or other employer surcharges while the economy is struggling.
- ***Waiving Federal Income Tax on UI benefits.*** The American Rescue Plan exempts from federal income tax the first \$10,200 of UI benefits received in 2020 for households with adjusted gross incomes of less than \$150,000. This tax exemption applies to all UI benefit programs, including Extended Benefits, PUA, PEUC and FPUC benefits. Recent [Internal Revenue Service guidance](#) provides more information on this provision.
- ***State oversight of UI programs and unemployment IT systems upgrades.*** The legislation gives states \$8 billion for unemployment program oversight and an additional \$2 billion for fraud prevention, equitable access and timely payment to eligible workers.

The American Rescue Plan kept in place some CAA provisions that could add administrative hurdles for applicants and claimants. Following is the status of CAA measures that were barriers to UI receipt:

- ***Documentation requirements.*** Effective Jan. 31, 2021, new PUA applicants had to submit documentation substantiating employment or self-employment within 21 days unless they can prove they had good cause to miss the filing deadline. PUA claimants already receiving the benefit on Jan. 31, 2021 will have 90 days to submit these wage records. The CAA ensures individuals who are otherwise eligible for PUA do not have their benefits terminated because of inadvertent or state system failure errors in past required weekly benefit recertifications, so long as the state made good faith efforts to implement the program. This could prevent kicking eligible claimants off PUA due to the new documentation requirements.
- ***PUA Identity Verification Systems.*** States must now have procedures in place to verify the identity of PUA applicants and for timely payment of benefits. This identity verification mandate could become a barrier for applicants who do not have access to photo identification.

- Return to Work Reporting Requirements.** The CAA required states to have methods in place to address situations when UI claimants refuse to return to work or refuse to accept an offer of suitable work without good cause. The Biden administration reversed these requirements through executive action and subsequent U.S. Department of Labor (DOL) guidelines to expand eligibility to PUA for workers who have refused job offers at unsafe worksites due to COVID-19.

**What help does the American Rescue Plan provide to pay for health benefits?**

<b>Types of Help</b>	<b>Who Gets What and When</b>	<b>What It's Called</b>
<b>Temporary Help for Workers Who Lose Employer-Based Health Insurance</b>	Workers and their family members who lose their health coverage due to <i>involuntary</i> job loss or a reduction of hours and elect COBRA coverage are eligible for a subsidy that covers 100% of the COBRA premium from April 1, 2021 through Sept. 30, 2021. Workers who are enrolled in or become eligible for COBRA from April 1, 2021 through Sept. 30, 2021, can get the subsidy. Individuals who qualify for COBRA due to a <i>voluntary</i> termination are not eligible. A special election period is available for eligible workers who have not exhausted their original 18-month COBRA period. The subsidy ends if the covered individual exhausts the maximum COBRA coverage period (generally 18 months) before September 30, 2021, or if the individual becomes eligible for coverage under another group health plan or Medicare.	Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) benefit
<b>Temporary Help for Workers Getting UI to Buy Individual Health Coverage</b>	Individuals who receive unemployment benefits during any week in 2021 are eligible for maximum ACA premium subsidies and reductions in out-of-pocket costs, such as deductibles, for the 2021 coverage year.	Affordable Care Act (ACA)
<b>Temporary Increases in Help Paying for Individual Health Coverage</b>	Households with incomes from 100% to 150% of the poverty level get no-premium (i.e., a \$0 premium) coverage in 2021 and 2022. Benchmark silver plan premiums are capped at no more than 8.5% of household income at higher-income levels. Households earning more than 400% of the federal poverty level (e.g., \$51,520 for an individual or \$106,000 for a family of four) are eligible for premium subsidies in 2021 and 2022 if the benchmark silver plan premium is greater than 8.5% of household income.	Affordable Care Act (ACA)

**How much is the COBRA health coverage subsidy, how is it paid, and how long will it last?**

Normally, individuals electing COBRA coverage pay the full premiums. The new temporary federal subsidy pays 100% of the COBRA premium during the subsidy period. It is paid directly to the plan or plan sponsor as a credit against payroll taxes. The six-month subsidy period runs from April 1, 2021 through Sept. 30, 2021. The subsidy would end sooner if the covered individual's maximum period of COBRA coverage (generally 18 months) ends before Sept. 30, 2021, or if the individual becomes eligible for coverage under another group health plan or Medicare. It is not available to individuals eligible for coverage under another group health plan or Medicare.

The American Rescue Plan requires group health plans to notify eligible individuals about the availability of the new subsidy. This includes those newly eligible during the six-month subsidy period and those who became eligible for the subsidy due to job loss or reduction in hours occurring before April 1, 2021 — generally those who had or could have had COBRA as far back as Nov. 2019, because their 18 months of coverage would extend through April 2021. Group health plans must also send notices to individuals when their periods of premium assistance are due to expire if their subsidy will end before Sept. 30, 2021, unless termination is due to eligibility for other coverage.

Individuals are subject to a \$250 penalty if they do not notify the plan or plan sponsor when they are no longer eligible, or as much as 110% of the premium assistance due after they were no longer eligible for a fraudulent failure to notify.

**What plan enrollment options are available to individuals eligible for the COBRA subsidy?**

Before the American Rescue Plan, COBRA-eligible individuals could only elect to continue the coverage they were enrolled in at the time of the qualifying event. However, under the special American Rescue Plan rules, employers or plans may (but are not required to) allow individuals to enroll in coverage that is different from the coverage they lost. If employers or plans choose this option, the premium for the new plan option cannot be higher than the original plan's premium, the new plan must be offered to similarly situated active employees and it must be more than just limited health coverage. If plans allow this, COBRA notices must include a description of the option to enroll in different coverage.

**When is the special election period for the COBRA subsidy?**

The special election period is available for eligible individuals who have not exhausted their original 18-month COBRA period and either did not elect COBRA when first eligible or elected COBRA but dropped it before April 1, 2021. The maximum COBRA period is not extended and is still counted from the date of the original qualifying event. Individuals electing COBRA under this special election period may receive the subsidy on a prospective basis, without having to elect and pay for COBRA retroactively for months prior to the subsidy's availability.



**Who can get ACA premium subsidies, how are they paid and how long do they last?**

To qualify for ACA premium subsidies, individuals must enroll through health insurance exchanges (“marketplaces”) created under the ACA. Fifteen states have their own state-based ACA exchanges. Enrollees with incomes from 100% to 150% of the poverty level will receive the benchmark silver plan coverage for free. Subsidies will also increase for everyone else, with premiums capped at 8.5% of household income for those with incomes above 400% of the poverty line. This is the first time higher-income households will qualify for ACA premium subsidies. ACA enrollees can claim premium subsidies as tax credits in advance — and receive them throughout the year — or in full when they file their tax returns (thereby paying the full premium first). This expanded premium support is available for the years 2021 and 2022; subsidies for current enrollees are retroactive to the beginning of the 2021 calendar year and can be claimed as tax refunds when filing the 2021 tax return. Subsidies revert to the regular ACA levels in 2023 and later.

The American Rescue Plan also expands subsidies for ACA marketplace coverage for anyone who received UI for any week in 2021 and is also not eligible for other affordable health coverage. These enrollees can receive the maximum subsidies and cost-sharing reductions, including a no-premium silver plan, for ACA coverage in 2021 only. Because this provision does not limit coverage to those earning more than 100% of the poverty level, it could help people in states that have not yet expanded Medicaid.

For estimates on premiums and subsidies in a state, go to the [Health Insurance Marketplace Calculator](#).

**Does a worker have to repay excess premium tax credits for the 2020 calendar year?**

No. The American Rescue Plan waives repayment of excess ACA premium tax credits for 2020. This benefits individuals who may have underestimated their 2020 income when enrolling in an ACA marketplace plan, leading them to receive tax credit overpayments through the year.

**How should jobless workers choose between subsidized COBRA and fully subsidized ACA coverage?**

Workers should consider several factors when choosing between the COBRA health coverage subsidy or the fully subsidized ACA plan. Once the COBRA subsidy ends, covered workers must pay the full price of COBRA continuation coverage. The federal government has not yet issued guidance on whether the end of the COBRA subsidy will trigger a special enrollment period for ACA marketplace health plans (similar to the special enrollment period triggered when employer subsidies for COBRA end). Workers would have to weigh several factors in deciding whether they want to switch from their current health plan to an ACA marketplace plan. These include starting over on out-of-pocket costs with a new plan and running the risk of losing coverage for current care and services under a new plan with different provider networks and drug lists.



### **Does a worker need to be laid off to qualify for help?**

No. Workers may also qualify for help, including regular UI, PEUC, PUA, FPUC and ACA subsidies, if they have been furloughed, had their hours zeroed out (i.e., are not being scheduled for any work) or had their hours cut. Also, PUA is available for certain COVID-19 related reasons that go beyond these circumstances. Those are described in this fact sheet under [\*What types of help are available for workers who do not qualify for traditional UI benefits?\*](#). Individuals who have lost their employer-sponsored health insurance due to an involuntary job loss or reduction in hours and have elected COBRA are eligible for the COBRA subsidy, which also continues coverage for household members on the plan.

### **When should workers start applying for the types of American Rescue Plan help?**

***Unemployment benefits*** — Individuals who are currently not receiving unemployment benefits should apply for them immediately. Claimants who were already receiving benefits as of March 14, 2021 — the date of CAA expiration — may see a gap in benefits due to the expiration of benefits on that date. However, they should receive back payment for weeks for which they were eligible for unemployment benefits. Although implementation of program changes could take time and additional guidance, applicants should not delay applying for benefits.

Workers already receiving regular UI benefits will automatically get the 53 weeks (retroactive to Jan. 27, 2020) of extra PEUC benefits when their regular benefits run out. PEUC benefits end after 53 weeks of receipt or, if earlier, Sept. 6, 2021. Workers whose regular benefits were exhausted before the PEUC started and those who may be eligible for PUA will have to apply.

No one will have to apply separately for the extra \$300 weekly FPUC benefit. Each state will decide eligibility for FPUC based on a worker's eligibility for the traditional UI programs, PEUC, PUA or the MEUC (in states that choose to implement the program). Workers already receiving UI benefits will automatically receive the extra \$300.

***Health care*** — Eligible individuals who were already paying for COBRA when the American Rescue Plan became law can claim the COBRA subsidy in April 2021. During the pandemic, the new COBRA election deadline is the earlier of one year from the date the person's election period would otherwise have ended, or 60 days after the announced end of the public health emergency, whichever is earlier. Those currently eligible for COBRA should enroll immediately for coverage to begin April 1, 2021. People who became eligible for COBRA earlier in the pandemic and as far back as November 2019 can have coverage start prospectively beginning on April 1, 2021.

Individuals in states that use the federal HealthCare.gov website will have access to the new subsidies and premium amounts as of April 1, 2021. The 15 state-run ACA marketplaces expect to display the new subsidy amounts as soon as possible. The COVID-related enrollment period ends on May 15, 2021 in most states. The Centers for Medicare and Medicaid Services (CMS) is advising people to enroll in ACA marketplace coverage by the end of March 2021 so that they will have coverage on April 1. They should then return to the marketplace website on or after April 1 to activate the new subsidies. Applications submitted before April 1 will have the regular ACA

subsidy amount, but enrollees will be able to collect the expanded subsidy when they file their 2021 taxes.