Important information for Employers and Employees Health Coverage during the COVID-19 Crisis.

Q50. What is the impact on employee-health coverage during a reduction in force (RIF)? (Updated March 16, 2020)

A50. Any employee who loses eligibility for health coverage due to a termination in employment or reduction in hours should be offered coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA), generally for up to 18 months. This obligation generally applies to employers with 20 or more employees and applies to medical, dental, vision, and prescription drug coverage, as well as to health reimbursement arrangements, health flexible spending accounts, wellness plans, employee assistance programs, and on-site/off-site clinics that are governed by the Employee Retirement Income Security Act (ERISA).

Q51. What is the impact on continued health coverage if an employer must close its business? (Updated March 16, 2020)

A51. If an employer must close its business and ceases to provide a group health plan to any employees in the company or any affiliated businesses, then COBRA coverage may end earlier than the mandatory minimum 18-month period. In that case, employees may be left to pursue coverage options through private individual policies, a spouse's employer, or public programs, such as the Affordable Care Act exchanges, Medicare, or Medicaid.

Q52. May an employer subsidize health coverage even though the employees are no longer eligible as active employees? (Updated March 16, 2020)

A52. Yes, an employer may choose to subsidize health coverage, either by subsidizing the cost of COBRA coverage or by relaxing eligibility requirements so that employees who may no longer meet the minimum hours requirement can continue to be treated as eligible for coverage. If an employer chooses to do so, it should carefully consider the amendments needed to its plan, and coordinate in advance with any insurance companies, particularly any stop loss or reinsurance providers, to ensure continuity of coverage.