



Ask the Expert:

Health Insurance Interaction with COVID-19

Q: If employees are out of work but qualify for emergency sick leave or emergency family and medical leave, what requirements do we have regarding their health insurance?

For employees qualifying for leave under the Emergency Sick Leave Act, employers should maintain the employee's coverages and continue to make deductions as usual. Since this is paid time off, paid at their regular rate of pay, there should be no changes made but for designating the time out as sick leave.

For employees that are out of work under the Emergency Family and Medical Leave Expansion Act (FMLA), the employee's coverage must be maintained in the same manner as they would have under a standard FMLA leave of absence. The provisions of the FMLA remain in place, and the act merely expands it to include the new qualifying eligibility for those needing to care for a child that is out of school or daycare due to the virus. Thus, coverage must remain in place so long as premiums are made by the employee. Given that the EFMLEA requires employers to pay a portion of the employee's salary makes collecting premiums much easier as deductions can stay in place.

Q: If our employees are no longer working due to government shutdown, layoffs, or furloughs, are they still entitled to group health plan coverage? Any difference in treatment?

Possibly. Under normal circumstances, the group plan document dictates how to handle the individual's coverage to include when they are no longer entitled to participate in the group plan. However, with current circumstances as they are, most carriers have decided that they will continue to allow employees to participate in group plans if (i) an employer considers them an active employee out of work on a temporary basis, or with temporarily reduced hours, and (ii) premiums continue to be paid in a timely manner.

On the other hand, if your plan is self-funded and you would like to waive applicable plan eligibility provisions, you should first make sure that any stop-loss coverage insurance carriers agree to cover claims relating to participants who would otherwise be ineligible for coverage.

We have already reached out to each of our carriers to have options ready to outline to you.

Please ask your Account Manager how your carrier is reacting to this situation to understand your options.

Q: What happens to group health plan coverage if employees are unable to pay their share of premiums?

In the normal course of events, group health plan coverage will cease when an employee's share of premiums is not timely paid. However, several actions might be taken that could allow coverage to continue.

The insurance carrier providing the health coverage may voluntarily continue the coverage while the disaster is sorted out and until an employer reopens its doors. More likely, the employer may make an arrangement with the insurance carrier providing health coverage to pay the employees' share of premiums to keep coverage in place (at least temporarily) and possibly until the employer can reopen its doors. Each situation will be different, depending upon the insurance carrier and the relationship between the employer and the insurance carrier.