

# WASHINGTON COUNTIES RISK POOL

2558 R.W. Johnson Road SW, Suite 106  
Olympia, WA 98512-6103

Created by Counties for Counties



## WCRP PoolCast

TOPIC: Preparing for Layoffs During a Pandemic

DISCUSSION DATE: October 7<sup>th</sup>, 2020

*Special guest, Lisa Sbai from Washington Counties Insurance Fund will discuss responsibilities of management, Cobra options, options for former employees, resources for management and employees, additional healthcare resources during Covid layoffs/furloughs.*

***Disclaimer: The staff of WCIF shares information regarding various rules, regulations, and provisions. In no way are we legal advisors. Legislative regulations are complex, and employers should consult legal counsel concerning their position when administering legislative compliance or dealing with sensitive human resource issues.***

**Question: What are some of the best things management can do in order to prepare for medical benefit related questions during pandemic layoffs?**

Answer: There are several things an employer can do to prepare.

1) For fully insured plans, understand how your current carrier's contract/policy for plans currently offered reads. Review the eligibility and termination of coverage section for wording about furloughs and layoffs.

For self-funded plans, employers should revisit their own current plan documents for wording on eligibility, termination of coverage due to furloughs/layoffs and catastrophic events. Your plan document may or may not include catastrophic events but if included, it could impact furloughs and layoffs and would probably take precedence of normal eligibility and termination provisions. You want to do the same thing with your reinsurance contracts

2) Verify with your health carrier (or reinsurance carrier, if self-funded) if any eligibility extensions due to COVID-19 are available.

3) If a collective bargaining agreement is in place, be sure to review for the eligibility, termination, and continuation of coverage provisions.

If extension is available, determine who will pay premium;

4) If no extension, determine if employer will pay COBRA premiums for terminated employees for a certain amount of time. Caution: Be careful when subsidizing COBRA premium to make sure the employee understands that they will not be able to switch to the marketplace plans, just because the subsidy ends. The qualifying event is the termination of employment not loss of subsidy.

**Question: Who is usually responsible for notifying the employees?? Managers, HR?**

Answer: This will depend on how your organization is structured. If you have a human resources department, I recommend human resources handle the notification. Normally, the notification is done in person on a one-to-one basis.

**Question: What are the responsibilities of the organization to notify the employee of the termination of medical coverage?**

Answer: Remember we talked about eligibility and termination provisions earlier. This is where information becomes very important. You want to advise the employee of when their current benefits will terminate and what the COBRA election timelines are, if applicable. If there is an extension of coverage due to COVID-19, that discussion should take place here as well.

**Question: Why type of notification of termination of coverages are acceptable? Written, verbal?**

Answer: The way this question was worded, it can be answered in several ways. Employees should receive any notifications, including when coverage ends, in writing. If you are processing the termination with your carrier, there needs to be some sort of written documentation that can be followed and verified. Verbal notices do not cut it. This is a protection for both employer and the terminated employee.

**Question: During this unusual time of a pandemic, medical coverage is going to be important for employees to maintain even during times of layoff. What are the options?**

Answer: There are numerous options available to terminated employees. They include: COBRA, New employer coverage, WA Healthplanfinder (State Exchange), Individual direct medical plans through insurance companies (availability varies by county), and Apple Health (low income coverage).  
If you are a small employer (under 20 employees) there is also the possibility of the State 3-month continuation of coverage option.

**Question: How as an employer can we be prepared to answer questions about COBRA for our employees who are being laid off?**

Answer: Employers need to understand how the COBRA process works and be very familiar with the required timelines to be able to explain them to the employee. This also includes the COVID-19 COBRA extensions.  
If your group uses a COBRA administrator to handle the process on your behalf, be prepared to provide the employee with the contact information for the COBRA administrator so that they are able to reach out if they do not receive the election notices or have questions about COBRA coverage or premium payments.  
It may also be helpful to provide the employees with the link to the DOL's "Employee Guide to Health Benefits under COBRA" as an additional resource for them.

**Question: Are there other additional healthcare resources available to individuals due to the COVID pandemic that would be helpful to share with employees facing layoffs? Such as free testing sites, etc.?**

Answer: Some resources individuals can look at for information are local health departments, community clinics and libraries. These resources usually keep their websites updated with information to help individuals find the local help they need.

**Question: Should employers be taking any additional steps during the Pandemic to maintain coverages?**

**Answer:** One area that employers may want to consider is looking at options to add a “lower cost” plan for employees at their next renewal, if possible. Since COBRA enrollees are provided the same plan options as active employees, it may give them a lower cost COBRA plan option at open enrollment.

**Question: If layoffs are not occurring but a reduction in hours occurs, how does this affect medical coverage for employees? Does this depend on the plans? If so, how do we find out?**

**Answer:** The first step is to verify what your current medical plan policy or plan document states for your weekly/monthly minimum hours requirement for coverage. Decide if you want to try and lower the hours requirement. If yes, contact your insurance carrier if fully insured or reinsurance carrier if self-funded to determine what the floor is for the insurance carrier minimum hours requirement.

If you want your minimum hours requirement to remain the same, then what does your policy or plan document state with regards to employees who lose coverage due to reduction of hours and then return to full-time later? Do they need to complete the eligibility waiting period again or is it waived so that coverage is effective the first of the month following the change?

If an employee’s hours are reduced below the eligibility threshold, it is a COBRA qualifying event and COBRA coverage needs to be offered.