

COVID-19, Business Shut Down and Impacts on Employee Benefits

We have received many questions concerning the best way to handle your employee benefits program during the mandated shutdown for most businesses. We are sharing the notes below to help you better understand your choices.

Please understand that if you terminate ALL of the enrolled members from your plan, the plan will cease to exist. COBRA, or continuation of coverage would not be available if the plan ends.

- You may terminate coverage for your employees during the shutdown. You should note that most insurance companies invoice you based on the enrollment data from the 15th of the prior month. So, if you are making changes, you should contact your agent or broker as they may be able to assist you in gaining an adjusted invoice.
- You can continue coverage for your employees for an extended period of time. We are aware of some employers who are waiving or delaying the employee “cost share” (payroll deductions) due to the absence of payroll.

*You should clearly communicate your intentions with your employees

*Are you asking the employee to “make up” these contributions later, when you re-open?

*Are you asking the employee to pay you during the period of the shut down

*Are you paying for this cost on their behalf? If so, how long are you planning to do this?

- If coverage terminates, you must make the required COBRA notification and offer continuation. If you do not have an outside COBRA administrator, this means you will need to collect money from your employees.
- If coverage is terminated, employees who lose coverage can enroll on the state exchange. In some cases, due to the shutdown, they may be eligible for a subsidy and a lower cost. The employee MUST act within 60 days of their loss of coverage in order to enroll.
- Please understand that if you are continuing your benefit plan, the premium payment rules apply. Your premium payments are generally due on the first of each month and you generally MUST have your full payment in the insurance company office no later than the 30th of that month.
- When we approach a return to operations, speak to your agent or broker about a special “open enrollment” period, or the ability to immediately enroll your employees to the plan without requiring the employee to meet a new hire waiting period.

We will continue to update you as we receive more information from the insurance companies concerning the relief, if any, they can provide.

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