

TML Health Benefit Plan Eligibility Considerations in a Coronavirus Environment

Actively-At-Work Requirement:

To maintain TML Health Benefit Pool (the “Pool”) eligibility, TML Health’s stop loss carrier typically requires that employees must actively work and be paid for at least twenty (20) hours per week. When an employee meets these criteria, they are “actively-at-work,” and is eligible for medical coverage; however, if they do not work at least 20 hours per week, the employee is not eligible for medical coverage.

Due the Coronavirus pandemic and national and state declarations of emergency, many employers, including public entities, may be temporarily reducing workforce or work hours for employees, which could result in the impacted employees losing eligibility.

Fortunately, TML Health’s stop loss carrier recently advised us that it is temporarily waiving its actively-at-work eligibility requirements until May 31, 2020 for employees whose hours are temporarily reduced due to the Coronavirus, *provided that*.

- The employer’s contribution is paid for all eligible employees each month, including those with modified eligibility or actively-at-work provisions;
- Employers must notify the Pool of any employee for whom modified eligibility or actively-at-work provisions have been applied; and
- The employer continues to pay at least 50% of the employee’s health insurance contributions.

Therefore, for those employees whose hours have been temporarily reduced through May 31, 2020 due to the Coronavirus, employers are not required to terminate the affected employees from the benefit plan(s) just because of the reduction in hours. Employers have the option of continuing to pay for their coverage through May 31, 2020, or until their hours increase. The other option is to terminate the employee from the plan and offer COBRA at the employee’s expense. If the employer is opting to continue to cover the impacted employees through May 31, 2020, they must report this to the Pool.

However, if a reduction in force results in termination of employment, the employer must still terminate the affected employee(s) from the benefit plan and COBRA must be offered.

What About the Consolidated Omnibus Budget Reconciliation Act (COBRA)?

Through COBRA the Pool allows an employee to remain on the benefit plan even when the employee does not meet eligibility criteria. Employers with at least 20 employees offering health

plan coverage are required to offer COBRA continuation of coverage when there is a loss of coverage as a result of qualifying event. The impacted employees must be offered COBRA and can enroll in coverage at their own expense in accordance with federal law. A termination of employment is a qualifying event.

COBRA applies to: Medical plans (fully insured and self-funded); Dental plans; Vision plans; Health reimbursement arrangements (HRA), and certain Health Flexible Savings Accounts (FSA). Life Insurance plans are not eligible.

When the qualifying event is a termination of employment or a reduction in hours, COBRA extends for 18 months. The TML Health Benefit Plan specifies three ways this period of time can be extended. Employers should extend COBRA to all qualified beneficiaries (e.g., the employee, spouse, and children) who had health plan coverage on the day before the qualifying event.

Question: Can the employer pay for COBRA for individuals we have to lay off?

Answer: Yes, an employer has the option to assist their employees by paying a percentage of the COBRA premium.

[Further Questions?](#)

TML Health Benefits Pool realizes it is confusing and difficult during these complicated times, but we want to assure you and your employees that TML Health Benefits Pool is here for you and ready to serve you to the best of our ability. If you have any questions, please contact the TML Health Benefits Pool Legal Department at Legal@tmlhb.org.