



COBRA-Related Operational FAQs for Employers Regarding Joint DOL & IRS Timeframe Extensions

Revised 6/1/20

WE HEARD YOUR FEEDBACK! Clients and advisors alike reached out to let us know that their legal interpretations of the new joint regulation were not aligned with Chard Snyder's initial plan for administration. We consulted additional counsel close to the DOL and found that they were comfortable with three different administration plans, one of which was Chard Snyder's initial response plan. Below we have outlined the new plan for administration.

All of the timelines below have been extended to 60 days AFTER the end date of the COVID-19 national emergency, which is yet to be determined:

- The date a group health plan sponsor or administrator has to provide a COBRA election notice
- The 60-day election period for COBRA continuation coverage
- The date for making COBRA continuation coverage premium payments
- The date for individuals to notify a health plan of a qualifying event or disability
- Special health plan enrollment periods (e.g., for marriage, birth, adoption)

FAQs

If I have a suspension policy, does it need to be lifted?

No. Suspension policies can and will remain in place for clients who have those currently in place.

What if I have a self-funded plan?

All plans must be administered according to the new guidance; self-funded plans are not excluded.

What about participants whose coverage was already terminated for non-payment or those who missed a deadline falling on or after 3/1/2020?

Communication to those participants is not required. Chard Snyder will continue to accept all appeals and notify the employer, and will make every effort to track and grant all appeals already denied before the regulations were announced.

How will administration for reinstatements and terminations change?

This will be handled as follows:

- Participants will still be reinstated only after both an election AND their first payment have been received
- Terminations for non-payment will continue as scheduled

- Payments will be taken after the COBRA grace period has expired and after coverage has been terminated with no appeal required
 - Clients will be notified if a participant makes a payment past grace and needs to be reinstated

How will Chard Snyder be communicating with COBRA participants?

Communication to participants will take the following forms:

- Additional language outlining the temporary date extensions is being added to the following participant letters:
 - COBRA premium grace letter
 - COBRA short payment letter
 - COBRA termination letter
- COBRA Election Notice updates are being added by our COBRA platform provider and will be released sometime in early June
 - In the interim, Chard Snyder will be sending a one-page document to all Qualified Beneficiaries and COBRA participants until that update has been made.

***Note:** If SPD's are updated, employers are required to send those to COBRA participants as well. Chard Snyder can mail those at a cost TBD at the employer's request.*

See below for temporary date extension language to be included in COBRA participant communications:

COBRA Premium Grace Letter & Short Payment Letter Language

Important note: The U.S. Departments of Labor and Treasury have issued extended deadlines for COBRA premium payments due to COVID-19. Deadlines to pay your COBRA premiums are extended by disregarding the period from March 1, 2020, until 60 days after the end of the National Emergency (date TBD); this period is known as the Outbreak Period. This means additional time has been allotted to pay your premiums.

COBRA coverage will be suspended until a COBRA premium payment is timely made. Payment will be applied to the earliest outstanding months due before applying to the current month. If you are unable to pay your COBRA premium but would like to retain coverage, we will be accepting payments on any date during the Outbreak Period. This process will continue until the end of the Outbreak Period. Please note that failure to pay all due premiums beginning with your initial COBRA eligibility up through any month you wish to remain covered will result in termination retroactive to the first month not paid. Once premium payment is received, coverage will be reactivated with your insurance carrier.

If claims have been paid for expenses incurred during a month for which premiums were not paid timely, the insurance carrier may reverse claims previously paid. You may also be required to reimburse the plan for claims paid or face collection processes initiated by the provider.

COBRA Termination Letter Language

Important note: The U.S. Departments of Labor and Treasury have issued extended deadlines for COBRA premium payments due to COVID-19. Deadlines to pay your COBRA premiums are

extended by disregarding the period from March 1, 2020, until 60 days after the end of the National Emergency (date TBD); this period is known as the Outbreak Period. This means additional time has been allotted to pay your COBRA premiums.

If you would like your coverage reinstated, we will be accepting COBRA premium payments after termination of coverage. Your payment will indicate that you would like your COBRA coverage reinstated. We will be accepting late COBRA premium payments according to the due date of the premium payment, but disregarding the Outbreak Period.

Once we receive your timely COBRA premium payments, we will contact the insurance carrier(s) to reactivate your coverage for the months corresponding to the premium payments received. Once coverage is reactivated, you still have a responsibility to pay premiums due by the end of the extended grace period if you want to maintain COBRA continued coverage. Please be advised that failure to pay the premium due for a specific month will result in retroactive termination of COBRA coverage for that month if the premium is not caught up by the extended due date. You may call the plan administrator to validate the due dates corresponding to the premium payments you owe.

If claims have been paid for expenses incurred during a month for which premiums were not paid timely, the insurance carrier may reverse claims previously paid. You may also be required to reimburse the plan for claims paid or face collection processes initiated by the provider.

COBRA Election Notice Supplement Language

Important note: The U.S. Departments of Labor and Treasury have issued extended deadlines for COBRA Election and COBRA premium payments due to COVID-19. Deadlines to elect and pay for COBRA are extended by disregarding the period from March 1, 2020, until 60 days after the end of the National Emergency (date TBD); this period is known as the Outbreak Period.

This means additional time has been allotted to elect COBRA and/or to pay your COBRA premiums. At any point during the outbreak period and the 30 days following, you will be able to submit your election form and make any premium payments for the months applicable to you based on your COBRA election notice.

At any time during this period if you are unable to pay your COBRA premium but would like to retain coverage, we will be accepting payments on any date during the Outbreak Period. This process will continue until the end of the Outbreak Period. Please note that failure to pay all due premiums by the end of the typical grace period will result in suspension of active COBRA coverage until payment is made. Once premium payment is received, coverage will be reactivated with your insurance carrier.

If claims have been paid for expenses incurred during a month for which premiums were not paid timely, the insurance carrier may reverse claims previously paid. You may also be required to reimburse the plan for claims paid or face collection processes initiated by the provider.