

Extending Health Plan Coverage for Furloughed Employees

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Due to the COVID-19 pandemic, many employers have placed a portion of their workforces into a furloughed status. Some employers want to keep furloughed employees covered under the employer's group health plan. For a self-funded plan, many stop-loss insurers have approved keeping furloughed employees covered under the plan in covered employment status (as opposed to offering COBRA coverage) for up to six months. In addition, many insurance companies have offered similar coverage extensions under fully-insured, group health plans. As the pandemic continues, some employers want to continue covering furloughed employees beyond the original six-month period. Before providing extended coverage for furloughed employees, it is critical that the employer first obtain written approval from the stop loss carrier for any self-funded benefits, as well as from the insurer for any fully-insured benefits, before granting such an extension, in addition to timely amending the affected plans and communicating such amendments to participants.