

Important Extension of COBRA Timeframes

Extension of Certain Timeframes for Employee Benefit Plans, Participants and Beneficiaries Affected by the COVID-19 Outbreak

The federal government has recognized the numerous challenges COBRA participants may be facing as a result of COVID-19. Extensions have been established for COBRA participants to minimize the possibility of individuals losing benefits because of a failure to comply with certain pre-established timeframes. These extensions may be available to you upon approval from your carrier.

The following statements in your COBRA packet are affected by this extension:

1. “COBRA provides a 45 day grace period (beginning on the date you inform us of your desire to continue coverage) for the initial premium payment.” See Election Form.
2. “Subsequent premium payments will have a 30 day grace period.” See Election Form.
3. Any reference to the statement “Last Day To Elect” (Multiple locations in the letter.)

The New Guidance requires all group health plans subject to ERISA to ‘**disregard the period from March 1, 2020 until sixty (60) days after the announced end of the National Emergency (Outbreak Period)**’, which is yet to be determined.

What this means to You

The new guidance affects your COBRA election and COBRA payment as follows:

- **Situation 1:** Joe experiences a loss of medical plan eligibility on April 1 due to layoff. The plan sends Joe a COBRA election notice on April 30. Joe would normally have 60 days (June 29) to elect COBRA and another 45 days to make his first payment (Aug 13).

New Guidance: Joe is able to elect COBRA coverage up to 60 days *after* the National Emergency has ended (yet to be determined). For example, if the National Emergency end date is September 30, Joe would have until November 29 to elect COBRA and another 45 days (Dec 13) to make payment. However, Joe must still pay all COBRA premiums in order for coverage to be reinstated and any claims paid that may have been denied.

- **Situation 2:** Larry has been laid off since December 1, 2019 and has been making COBRA premium payments by the 1st of each month in order for his coverage to remain in force. Larry is unable to make his April payment and his coverage is terminated.

New Guidance: Larry’s new grace period is 30 days after the National Emergency ends, which is yet to be determined. However, claims will be denied until his payment is up-to-date, and claims will be reconsidered retroactively.

Please visit our website, www.CustomDesignBenefits.com, for updated guidance related to COVID-19 and COBRA plans, or call 800.598.2929 weekdays from 8:00am to 5:00pm EST.