



## **HEALTH INSURANCE ISSUES In The Event of a Natural Disaster**

### **If our employees are no longer working, are they still entitled to health insurance coverage?**

Not necessarily. You need to check your plan document (if self-insured) or contact the insurance company (if fully insured) to determine how long employees who are not actively working may remain covered by your health plan. Once this period expires, you must terminate insurance coverage (unless the insurance company or self-insured plan otherwise agrees to waive its eligibility provisions) and send a COBRA notice (see below). If your plan is self-insured and if you decide to waive plan eligibility provisions, you must make sure stop-loss insurers are notified and agree to cover claims relating to participants who would otherwise be ineligible for coverage.

### **What happens to health coverage if employees are not working and unable to pay their share of premiums?**

In the normal course of events, health coverage will cease when premium amounts are no longer paid. However, several actions might be taken that would allow coverage to continue. First, the insurer providing the health coverage may voluntarily continue the coverage while the disaster is sorted out and the employer reopens its doors. More likely, you may make an arrangement with the insurer providing health coverage to pay the employees' portion of premiums to keep coverage in place (at least temporarily) and possibly until you can reopen your doors. Each situation may differ based upon the insurer and the relationship between the employer and the insurer.

### **What happens if the physician network we use is not functioning. How do our employees get health services?**

There are several things you can do. First, check with your HMO or insurer to determine if the organization has designated replacements for the providers which are not functioning. In many cases, you may be able to substitute out-of-network providers without employees incurring additional costs. A number of insurers may be willing to waive out-of-network penalties, deductibles, or co-pays, and in certain cases, may be willing to waive plan restrictions such as limitations on or refill date requirements for prescription refills.

If you have a PPO which is lacking critical specialties or providers, contact the PPO provider or administrator to see if they have found replacements or to make sure they are willing to waive any exclusivity agreements that might exist. If you have employees or dependents who need critical prescriptions that cannot be filled in your area, contact the drug manufacturer. Many manufacturers are providing free drugs to those in need. You can also contact FEMA at 1-800-621-3362 (or 202-621-3362) to see what critical medical services are present in your area, and how providers can be contacted.

### **We need to send COBRA notices to former employees, but we don't know where they are or if their homes have been destroyed. What do we do?**

You can send COBRA notifications electronically provided you have the employee's authorization agreement to do so. In cases where your plan requires mailing COBRA notices and election forms

to a last-known address, you should do so, sending the documentation to your employee's last known address. This effort should be made **even if** you know that mail is not being delivered, and you should keep records to establish this process. While you are not required to reach out to an individual via e-mail or phone to acquire an alternate address/method of sending this documentation, professional courtesy and consideration for the welfare of the individual is always a best practice. Checking for routine updates that are made to the U.S. Postal Services website regarding mail acceptance and delivery to the affected areas can also be helpful.

**We haven't received a COBRA payment from a former employee. What do we do?**

You must provide a minimum 30-day grace period for COBRA payments from former employees and their dependents. You may provide a longer grace period if you choose.

It's recommended you notify the former employee electronically (if authorized by the employee and if you have communicated with them in the past via e-mail) or by sending a letter to the last-known address of the COBRA participant reminding them that a premium payment is missing and that COBRA coverage will be terminated if not received shortly. You must also notify the employee, again electronically or by letter to the last-known address of the participant if you terminate the coverage for nonpayment of premiums.

According to the USDOL, the guiding principle for plans must be to act reasonably, prudently, and in the interest of the workers and their families who rely on their health plans for their physical and economic well-being. In response to past severe hurricanes, the USDOL stated that plan fiduciaries should make reasonable accommodations to prevent the loss of benefits for failure to pay or timely respond to an election notice, for example. This is to minimize the possibility of individuals losing benefits because of a failure to comply with pre-established timeframes due to the hurricane. However, any extensions of grace periods or waivers of COBRA deadlines must be cleared with your insurer or stop loss carrier.

It is also recommended that you keep a record of any electronic correspondence and tag the correspondence so that you receive a notification of delivery.

**We've told employees to send COBRA payments to an address that no longer exists or no longer receives mail. What do we do?**

Go to the post office and fill out a business forwarding card or go to [www.usps.com](http://www.usps.com) and change your address online. In light of this, you may want to extend grace periods to ensure coverage is not lost.