

Fact Sheet



U.S. Department of Labor
Employee Benefits Security Administration
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JOB LOSS Important Information Workers Need to Know to Protect their Health Coverage and Retirement Benefits

The Department of Labor's Employee Benefits Security Administration (EBSA) administers the Employee Retirement Income Security Act of 1974 (ERISA), which governs retirement plans (including profit sharing and 401(k) plans) and welfare plans (including health, disability, and life insurance plans). ERISA also includes the health coverage continuation and portability provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA) and the Health Insurance Portability and Accountability Act (HIPAA). This fact sheet focuses on job loss and its effect on workers' health benefits and retirement benefits.

When facing job loss or a reduction in hours, workers need to know their options ahead of time to prevent loss of health coverage. There may be several options available to individuals who are losing their health coverage when they lose their jobs:

Special Enrollment in Another Group Plan. If other group health coverage is available (for example through a spouse's employer provided plan), special enrollment in that plan should be considered. It allows the individual and his/her family an opportunity to enroll in a plan for which they are otherwise eligible, regardless of enrollment periods. However, to qualify, enrollment must be requested within 30 days of losing eligibility for other coverage. After special enrollment is requested, coverage is required to be made effective no later than the first day of the first month following your request for enrollment. This type of coverage is usually the most cost-effective of all the options.

COBRA Continuation Coverage. If the individual's employer continues to operate and offer a group health plan, COBRA continuation coverage may be available. COBRA, which generally applies to employers with 20 or more employees, allows the individual and his/her family to continue the same group health coverage at group rates. An individual's cost for coverage may be higher than what the individual was paying before (and is usually higher than the cost for coverage under special enrollment in a spouse's plan), but generally the cost is lower than that for private, individual health insurance coverage. The plan should send a notice regarding the availability of COBRA coverage. After this notice is provided, the individual generally has 60 days to elect coverage and it is then available retroactive to the loss of coverage. *(Note: Once an individual has elected COBRA, he/she won't be eligible for special enrollment in another group health plan, such as a spouse's plan, until all COBRA coverage available is exhausted. Therefore, it is important to consider special enrollment in another plan promptly.)* COBRA coverage typically lasts 18 months, but may last longer in certain circumstances.

Health Coverage Through a Government Program. Health coverage may be available to certain qualified individuals through the State or Federal Governments. Information on government programs such as Medicaid (for low-income individuals and individuals with special needs), State Children's Health Insurance Program (for children of qualified families), or Medicare (for people aged 65 and over, and for certain people who are disabled or have end-stage renal disease), is available through your State insurance

department, by visiting www.insurekidsnow.gov on the Web, or by calling the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services at **1-800-MEDICARE**.

You may also want to contact your State insurance commissioner's office to find out about your State's high risk pool for people who cannot otherwise get health benefits. Or visit <http://www.healthcare.gov/law/features/choices/pre-existing-condition-insurance-plan/index.html> for information on the Federal program -- the Pre-Existing Condition Insurance Plan.

Private, Individual Health Insurance. The last option for an individual to consider is private individual health insurance coverage. Individuals may qualify for guaranteed access to such coverage, without any pre-existing condition exclusions, if:

- They had health coverage for at least 18 months without a significant break in coverage (generally a break in coverage of 63 days or more) and the most recent period of coverage was under a group health plan;
- Group coverage was not terminated because of fraud or failure to pay premiums;
- They either were not eligible for COBRA continuation coverage (or similar State program), or if eligible for COBRA coverage (or similar State program), they both elected and exhausted COBRA coverage; and
- They are not eligible for other health coverage.

Even if they do not meet these criteria, they may still be able to obtain coverage. The cost of individual coverage is often higher than similar coverage under a group health plan obtained through special enrollment in another group plan or COBRA. More information on individual health coverage is available from your State insurance commissioner or the Department of Health and Human Services, Centers for Medicare and Medicaid Services at **410-786-1565** or www.cms.gov.

When considering health coverage options, individuals should examine the scope of the coverage (including benefit coverage and limitations, visit limits, and dollar limits), premiums, cost sharing (including co-payments and deductibles), and waiting periods for coverage. For information on the coverage through a particular group health plan, the worker should call the plan administrator and request a copy of the plan's summary plan description.

Note: The Affordable Care Act (ACA) adds important protections related to employment based group health plans that will improve health coverage for you and your family. Many of these protections are available now including extending dependent coverage until age 26, prohibiting pre-existing condition exclusions for children under 19, and banning lifetime limits on coverage for essential health benefits. Additional protections will be available in 2014. This publication does not reflect the provisions of the Affordable Care Act. For more information, visit the Employee Benefits Security Administration's ACA Web page at www.dol.gov/ebsa/healthreform.

Retirement Benefits. ERISA provides rules for those responsible for the management and oversight of your retirement plan. It also provides you with rights and responsibilities, including specific rights to plan information. If you lose your job, make sure you have a copy of your plan's current summary plan description (SPD) and your individual benefit statement. If not, request a copy. The SPD tells you if and when you can collect your benefits or how to roll over your 401(k) account to a new employer's plan or to an IRA (if your old plan permits you to do so). The individual benefit statement lets you monitor your account balance and is an important statement to keep on file. If your retirement savings remain in your former employer's plan, keep current on any changes the company makes, including changes of address, employer name, or mergers and give the plan any changes to your contact information. If your benefits are in a traditional pension plan and your plan ends without enough money to pay the promised benefits, the

Pension Benefit Guaranty Corporation will assume responsibility as trustee of the plan and pay benefits up to a maximum guaranteed amount set by law.

The free publications listed below provide more information:

- *Retirement and Health Care Coverage...Questions and Answers for Dislocated Workers*
- *Your Health Plan and HIPAA...Making the Law Work for You*
- *An Employee's Guide to Health Benefits under COBRA*
- *What You Should Know About Your Retirement Plan*

They are available on EBSA's Web site or by calling toll-free **1-866-444-3272** to request copies. If you have questions about these options, you can contact one of our Benefits Advisors electronically at **www.askebsa.dol.gov** or by calling **1-866-444-3272**.

For more information on the Pension Benefit Guaranty Corporation, visit **www.pbgc.gov** or call **1-800-400-7242**.

This fact sheet has been developed by the U.S. Department of Labor, Employee Benefits Security Administration, Washington, DC 20210. It will be made available in alternative format to persons with disabilities upon request: Voice telephone: 202-693-8664; TTY: 202-501-3911. In addition, the information in this fact sheet constitutes a small entity compliance guide for purposes of the Small Business Regulatory Enforcement Fairness Act of 1996.