

## COBRA, HIPAA Special Enrollment, Claims and Appeals, and ERISA Notice Related Deadlines Extended

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On April 28, 2020, the Department of Labor (DOL), the Department of the Treasury (“Treasury Department”), and the Internal Revenue Service (IRS), issued several pieces of guidance providing relief to plan participants, COBRA- qualified beneficiaries, claimants, and plan sponsors who are impacted by the COVID-19 pandemic. This guidance includes the following:

- [Joint Notice](#) issued by the DOL, the Treasury Department, and the IRS extending numerous deadlines applicable to retirement and health plans subject to ERISA; and
- [EBSA Disaster Relief Notice 2020-01](#): Guidance and Relief for Employee Benefit Plans Due to the COVID-19 (Novel Coronavirus) Outbreak, issued by the DOL, Employee Benefits Security Administration.

This article will explain the various forms of relief provided under these Notices including:

- the various extended timeframes (e.g., COBRA elections, COBRA premium payments, claims and appeals, HIPAA special enrollment, etc.) that plan sponsors will need to provide to plan participants;
- the extended period of time that plan sponsors have to prepare and distribute certain ERISA notices; and
- the relaxed electronic disclosure requirements for providing these ERISA notices.

### **Joint Notice: HIPAA Special Enrollment, COBRA deadlines, and Claims and Appeals Deadlines Extended**

The DOL, Treasury Department, and the IRS (the “Agencies”) issued the Joint Notice to extend certain timeframes affecting a plan participant’s right to health plan coverage, to receive COBRA coverage, and to file or perfect benefit claims or appeals.

On March 13, 2020, President Trump issued the Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak, and by separate letter made a determination under the Robert T. Stafford Disaster Relief and Emergency Assistance Act that a National Emergency exists nationwide beginning March 1, 2020, as a result of the COVID-19 outbreak. Recognizing that plan participants and plan sponsors may face challenges in meeting certain plan-related timeframes, the Agencies have extended various plan deadlines otherwise applicable to ERISA group health plans, disability plans, pension plans, and welfare plans (collectively referred to as “plan”) and their participants.

***Outbreak period disregarded when calculating certain plan deadlines.*** The Joint Notice provides that when determining certain ERISA group health plan, disability and employee welfare benefit plan deadlines, the duration of the “Outbreak Period” must be disregarded. The Outbreak Period is the period from March 1, 2020 until sixty (60) days after the announced end of the National Emergency (or other date announced by the Agencies in a future notification). To the extent that there are different Outbreak Period end dates for different parts of the country, the Agencies will issue additional guidance.

To minimize the possibility of individuals losing benefits because of a failure to comply with certain plan deadlines, the Joint Notice requires that plans disregard any days within the Outbreak Period when determining the periods and deadlines noted below for all plan participants, COBRA-qualified beneficiaries and claimants.

**Note:** The end of the National Emergency Period has not yet been announced. However, when the end of this National Emergency Period is announced, it may make sense for plan sponsors to notify plan participants that the National Emergency Period has ended and that their plan deadlines will begin to run again after the Outbreak Period has ended (i.e., 60 days after the end of the National Emergency Period). By providing plan participants with this type of notice after the end of the National Emergency period has been announced, plan participants will have additional time to meet their notice and/or payment obligations.

### **HIPAA Special Enrollment Period Extended**

The HIPAA portability rules require group health plans to provide mid-year enrollment opportunities (i.e., special enrollment rights) to employees and their dependents in certain circumstances. These HIPAA special enrollment rights are available when an employee and/or their dependent experiences a loss of eligibility for other group health plan coverage; becomes eligible for a state premium assistance subsidy; or acquires a new spouse or dependent by marriage, birth, adoption or placement for adoption. When an employee and/or their dependent experiences one of these special enrollment events, the group health plan must provide at least a 30-day period (or 60-day period, as applicable) to elect group health plan coverage.

The Joint Notice extends these 30-day and 60-day HIPAA special enrollment timeframes by disregarding the Outbreak Period.

**Note:** Under the HIPAA special enrollment rules, when a new dependent is acquired through birth, adoption, or placement for adoption, coverage must be effective retroactively to the date of birth, adoption or placement for adoption. It is possible that under these new extended deadlines for HIPAA special enrollment, there may be a long period of time between the date

when an employee experiences their special enrollment event (e.g., the birth of their child) and the end of the Outbreak Period. In other words, coverage that normally would only be retroactive 30 days (for example) may now be retroactive over many months. Plan sponsors will need to work with their carriers and self-funded medical plan third party administrators (TPAs) to properly administer these new HIPAA special enrollment deadlines.

**HIPAA Special Enrollment Example.** For purposes of this example, assume that the National Emergency ends on April 30, 2020, and accordingly the Outbreak Period ends on June 29, 2020 (i.e., the 60th day after the end of the National Emergency).

During the group health plan's open enrollment period, Renee waives Employer A's group health plan coverage. On March 31, 2020, Renee gives birth and would like to enroll herself and her newborn child in Employer A's group health plan.

**Conclusion.** The Outbreak Period is disregarded for purposes of determining Renee's special enrollment period. Renee has until July 29, 2020 (i.e., 30 days after June 29, 2020, the end of the Outbreak Period) to enroll herself and her newborn in group health plan coverage.

### COBRA Election Deadline Extended

Under the COBRA rules, an employee and/or their dependent who has a COBRA qualifying event (e.g., termination of employment, reduction of hours, etc.) and experiences a loss of group health plan coverage has 60 days from the date group health plan coverage terminates, or, if later, 60 days after the date of their COBRA election notice to elect COBRA continuation coverage. The Joint Notice extends this 60-day COBRA election period by disregarding any days in the Outbreak Period.

**COBRA Election Example.** For purposes of this example, assume that the National Emergency ends on April 30, 2020, and accordingly the Outbreak Period ends on June 29, 2020 (i.e., the 60th day after the end of the National Emergency).

Frank experiences a reduction in hours and loses eligibility for coverage under his Employer's group health plan. Frank is provided a COBRA election notice on April 1, 2020.

**Conclusion.** The Outbreak Period is disregarded for purposes of determining Frank's COBRA election period. The last day of Frank's COBRA election period is August 28, 2020 (i.e., 60 days after June 29, 2020, the end of the Outbreak Period).

### COBRA Premium Payment Period Extended

Under the COBRA rules, after a COBRA-qualified beneficiary has elected COBRA coverage, they have 45 days to make their initial COBRA premium payment. Subsequent COBRA payments must be made within the 30-day grace period that starts at the beginning of each coverage month (i.e., within 30 days after the due date for that coverage month). The Joint Notice extends these 45- and 30-day COBRA premium payment timeframes, as applicable, by disregarding the Outbreak Period.

**Example of COBRA Premium Payment Extension.** For purposes of this example, assume that the National Emergency ends on April 30, 2020, and accordingly the Outbreak Period ends on June 29, 2020 (i.e., the 60th day after the end of the National Emergency).

Miles has elected COBRA continuation coverage. Under Miles' group health plan, COBRA premium payments are due the first of each month. Miles makes a timely February 2020 COBRA premium payment, but as of July 1, 2020, Miles has failed to make COBRA premium payments for the months of March, April, May and June of 2020. Does Miles lose COBRA coverage?

**Conclusion.** The Outbreak Period is disregarded for purposes of determining whether Miles' monthly COBRA premium installment payments are timely. In this example, Miles has until July 29, 2020 (i.e., 30 days after the Outbreak Period ended on June 29, 2020) to make COBRA premium payments for the months of March, April, May and June.

**Note:** During the interim period where the COBRA-qualified beneficiary has not made COBRA premium payments, the group health plan is not required to pay claims incurred by the COBRA-qualified beneficiary. If a health care provider contacts the plan to confirm the COBRA-qualified beneficiary's coverage, the plan must inform the provider that the COBRA-qualified beneficiary currently does not have coverage but will have coverage retroactively if premium payments are timely made after the Outbreak Period. Alternatively, the group health plan could choose to continue COBRA coverage during the interim period where the COBRA-qualified beneficiary has not made their COBRA premium payments, but then cancel coverage retroactively if payment is not timely made after the end of the Outbreak Period. The group health plan would need to inform health care providers that the COBRA-qualified beneficiary is covered, but that such coverage is subject to retroactive termination if the COBRA-qualified beneficiary does not timely make COBRA premium payments after the Outbreak Period.

### **COBRA Qualifying Event Notice Deadlines Are Extended**

Under the COBRA rules, a COBRA-qualified beneficiary is required to notify the group health plan within 60 days of the following COBRA qualifying events:

- A divorce or legal separation of the employee from their spouse; and
- A dependent child losing dependent eligibility under the group health plan.

In addition, the COBRA-qualified beneficiary is required to timely notify the plan administrator of their disability determination. The COBRA maximum coverage period may be extended up to 29 months if the COBRA-qualified beneficiary is disabled during the first 60 days of COBRA continuation coverage, and notifies the plan administrator of their disability determination 60 days from the date of their Social Security Administration (SSA) disability determination (among other requirements).

Further, the COBRA-qualified beneficiary is required to notify the plan administrator of any subsequent determination by the SSA that they are no longer disabled. This notice must be provided no later than 30 days after the date SSA determines that the COBRA-qualified beneficiary is no longer disabled.

The Joint Notice extends these COBRA qualifying event and disability related timeframes by disregarding the Outbreak Period. In other words, the 30- and 60-day timeframes described above will not begin running again until the end of the Outbreak Period.

## Deadline for Filing ERISA Benefit Claims Has Been Extended

Under ERISA and the DOL claims procedure rules, ERISA plans (e.g., ERISA group health plans, disability, group term life insurance, accidental death and dismemberment, business travel accident, Health Flexible Spending Accounts, Health Reimbursement Arrangements, etc.) must establish and maintain claims procedures under which benefits can be requested by a participant. The Joint Notice extends the deadline for an individual to file a benefit claim under the ERISA plan's claims procedures. The Joint Notice extends this benefits claim deadline by disregarding the Outbreak Period.

**Example of ERISA benefit claim extension.** *For purposes of this example, assume that the National Emergency ends on April 30, 2020, and accordingly the Outbreak Period ends on June 29, 2020 (i.e., the 60th day after the end of the National Emergency).*

Dina is a participant in Employer A's group health plan. Employer A's group health plan requires that claims are submitted within 365 days of the participant's receipt of medical treatment. On March 1, 2020, Dina received medical treatment from her health care provider. She does not submit her medical claim until May 1, 2021. Is Dina's claim timely?

**Conclusion.** Yes. The Outbreak Period is disregarded when determining the 365-day period applicable to Dina's medical claim. Dina has until June 29, 2021 (i.e., 365 days after the June 29, 2020 end of the Outbreak Period) to submit her medical claim.

**Note:** This extension for filing benefit claims also impacts Health Flexible Spending Accounts and Health Reimbursement Arrangement run-out periods. For example, assume that a Health Flexible Spending Account Plan has a 90-day run-out period. For the 2019 calendar plan year (i.e., January 1, 2019 through December 31, 2019), this run-out period would end on March 31, 2020. Under the Joint Notice extension for filing benefit claims, the Outbreak Period would be disregarded when determining the ending date for the 2019 plan year run-out period. For example, if the 2019 Health Flexible Spending Account run-out period runs from January 1, 2020 through March 31, 2020, and the Outbreak Period ends on August 1, 2020 – plan participants would have until August 31, 2020 (i.e., 30 days after the Outbreak Period ends) to submit Health Flexible Spending Account claims incurred during the 2019 plan year because the period from March 1, 2020 through August 1, 2020 is disregarded. This gives Health Flexible Spending Account and Health Reimbursement Arrangement participants significantly more time to submit any Health Flexible Spending Account and/or Health Reimbursement Arrangement claims that were incurred during the 2019 plan year.

## Extension of Time for Filing ERISA Plan Appeals

ERISA benefit plans are required to maintain procedures under which claimants have the reasonable opportunity to appeal benefit claim denials. In particular, a claimant must have sufficient time to file an appeal. For example, group health plans and disability plans must provide claimants with at least a 180-day timeframe to appeal a benefit claim denial. All other non-health ERISA benefit plans (e.g., life insurance, etc.) must provide at least a 60-day timeframe to appeal a benefit claim denial. Under the Joint Notice, the date within which claimants may file an appeal of a benefit claim denial has been extended by disregarding the Outbreak Period.

**Example of extension of time for filing ERISA plan appeals.** For purposes of this example, assume that the National Emergency ends on April 30, 2020, and accordingly the Outbreak Period ends on June 29, 2020 (i.e., the 60th day after the end of the National Emergency).

Ella received a claim denial from Employer A's disability plan on January 28, 2020. Her disability claim denial informs her that she has 180 days within which to file an appeal.

**Conclusion.** When determining the 180-day timeframe under which Ella's disability claim denial may be appealed, the Outbreak Period is disregarded. Accordingly, Ella's last day to submit an appeal is 148 days (180 days minus the 32 days between January 28, 2020 and March 1, 2020) after June 29, 2020, which is November 24, 2020.

### **Timeframe Within Which a Claimant May File a Request for an External Review Has Been Extended**

Once an ERISA group health plan participant has exhausted their group health plan's claims and appeals procedures, they may have the right to seek an external review (i.e., a review of the ERISA group health plan's denial by an independent party). Claimants have four months after the date of receipt of a claim denial or final internal claim denial to request an external review if the claim involves medical judgment or a rescission of plan coverage. Under the Joint Notice, the date within which ERISA group health plan claimants have to file a request for external review has been extended by disregarding the Outbreak Period.

### **Timeframe Within Which a Claimant May File Information to Perfect a Request for External Review Has Been Extended**

Upon receiving a claimant's request for an external review, the plan must complete a preliminary review of the claimant's request, and this preliminary review must determine (among other things) whether the claimant has provided all of the information and forms needed to process the external review. The plan must then permit the claimant to "perfect" (i.e., complete) their external review request within the four-month filing period (or if later, within the 48-hour period following the participant's receipt of the plan's notification that the participant's request is not complete). The Joint Notice extends the period that a claimant has to file information to perfect their request for external review by disregarding the Outbreak Period.

### **Group Health Plans Have Additional Time to Provide COBRA-Qualified Beneficiaries with a COBRA Election Notice**

The Joint Notice also provides relief for plan sponsors. Generally, the employer must provide a COBRA-qualified beneficiary with their COBRA election notice not later than 44 days (where the employer is also the plan administrator) after notice of the individual's COBRA qualifying event and loss of group health plan coverage. This 44-day COBRA timeframe is extended by disregarding the Outbreak Period.

### **EBSA Disaster Relief Notice 2020-01**

While the Joint Notice provides substantial relief to plan participants, EBSA Disaster Relief Notice 2020-01 ("Notice 2020-01") provides relief for plan sponsors by extending the deadlines for distributing certain ERISA notices, and filing Forms 5500.

## Extension of Time to Furnish ERISA Title I Required Notices to Plan Participants and Beneficiaries

In addition to the deadline relief provided in the Joint Notice, the DOL provides extended deadlines (and relaxed electronic disclosure requirements) for furnishing notices, disclosures and other documents required under Title I of ERISA. Notice 2020-01 specifically addresses notices and disclosures required under Title I of ERISA over which the DOL has interpretive and regulatory authority, except for those notices and disclosures addressed in the Joint Notice (such as the COBRA election notice). Under Notice 2020-01, an employee benefit plan will not be in violation of ERISA if it fails to timely furnish a notice, disclosure or document that originally was required to be furnished between March 1, 2020 and 60 days after the announced end of the National Emergency (or such other date announced in a future notice). The plan must act in good faith and furnish the notice, disclosure, or document as soon as administratively practicable under the circumstances.

**Note:** Notice 2020-01 provides for relaxed electronic disclosure requirements. This Notice states that a plan fiduciary will have acted in “good faith” if it distributes the required ERISA notice/document electronically, provided that the plan fiduciary reasonably believes that the participant has effective access to “electronic means of communication” (e.g., email, text messages, and continuous access to websites). This is a relaxed standard from the current DOL electronic disclosure rules which impose stricter standards for distributing notices electronically (e.g., requiring affirmative participant consent to electronic disclosure if the participant does not have work-related computer access, etc.)

**Note:** This extended deadline will impact the distribution deadlines for a broad range of plan participant notices and disclosures. Notice 2020-01 addresses such notices as the Summary of Material Modifications, Summary Plan Descriptions, Summary of Benefits and Coverage, claims and appeals related notices, the Notice of Exchange, etc.

## IRS Form 5500 Relief

Notice 2020-01 also discusses the limited extension that has been granted for filing Forms 5500. Forms 5500 that would otherwise be due on or after April 1st and before July 15, 2020 are now due July 15, 2020. This extension applies to Form 5500 filings for plan years that ended in September, October, or November of 2019. This relief is automatic, and plan sponsors are not required to file an extension form, letter or other request.

**Note:** The 2019 Form 5500 filing due date for calendar year plans (i.e., July 31, 2020) has not been extended. Accordingly, the automatic extension does not apply to calendar year Form 5500 filings. However, calendar year plans may obtain a regular extension by timely filing a Form 5558.

## Plan Fiduciary Guidelines

In Notice 2020-01, the DOL states that plan participants may face problems due to the COVID-19 outbreak and that plans must act “reasonably, prudently, and in the interest of covered workers and their families who rely...on their employee benefits for their physical and economic wellbeing.”

The Notice goes on to instruct plan fiduciaries to make reasonable accommodations to prevent the loss of benefits if a plan participant fails to comply with pre-established timeframes.

The DOL also acknowledges that during this Outbreak Period, there may be times when plans and service providers may not be able to achieve full and timely compliance with claims processing and other ERISA requirements. During this period, the DOL's approach to enforcement will be to emphasize compliance assistance and include grace periods and other relief, where appropriate.

## Conclusion

These new rules provide significant relief for both plan sponsors and plan participants. The new deadlines described under these rules should be communicated to plan participants (e.g., through an ERISA SMM), and plan sponsors should coordinate with their third party administrators to determine how these new rules will be administered.

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