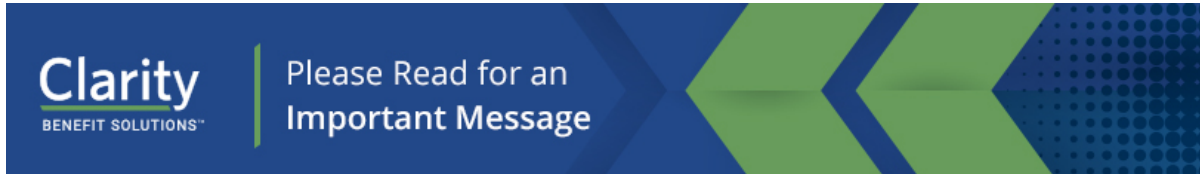


We understand this extended gap period has caused concern regarding financial liabilities.

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Dear Valued Broker,

Earlier this year, we shared the Department of Labor's additional guidance clarifying the relief provided in the [EBSA Disaster Relief Notice](#). The guidance concluded that a period of up to one year must be disregarded when determining the date an individual must elect and pay for COBRA continuation coverage (gap period). Before the DOL's guidance, an eligible participant had a 60-day gap period to elect coverage and 45 days to pay the initial premium. The additional guidance extended the time frame (gap period) to one year.

We understand this extended gap period has caused concern regarding financial liabilities.

What are Your Clients' Options for Dealing with the Gap Period?

Option 1: The client's group health plan provides coverage during the election period preserving an individual's ability to elect and pay for COBRA continuation coverage. The client can pay the entire premium for the COBRA continuation coverage until the individual elects and begins paying for COBRA or until the election period expires without them electing coverage.

Option 2: The client does not make any premium payments for individuals in the gap period. Any claims incurred during the gap period do not have to be paid unless a timely election is made. If the client inquires, their group health plan must inform them if the individual is in the gap period, and the consequences of the individual making or not making a timely election.

Can Your Clients' Change Options?

If any of your clients are concerned about incurred insurance claims and unpaid premiums, they do have the ability to change to **Option 2** with respect to:

- any prospective months for individuals within the gap period
- any new COBRA continuation coverage situations
- any prospective months of COBRA continuation coverage where the due date for the COBRA premium is missed (within the thirty 30-day grace period)

By using **Option 2** clients will not be required to cover the cost of the grace period premium for individuals who do not pay and have their COBRA continuation coverage terminated.

How do Your Clients' Change Options?

If any of your clients prefer to change to **Option 2** (terminate active coverage due to non-payment/avoid liability), they can simply email their Clarity Client Relationship Manager with a list of participants for whom they wish to terminate coverage. Clarity will report any terminations to their group health plan provider per their instructions and continue to report their eligibility and enrollment coverages based on the extension periods.

Clients Can Determine Who Has Lapsed Payments

To isolate participants who are enrolled but payment has lapsed your clients can run a **Qualified Beneficiary Plan Member Report**. *Tip: They can schedule this report to run monthly.* [Learn How to Run This Report.](#)

NOTE: Clarity cannot guarantee carriers will process the retro-active terminations beyond the 60-day look-back period. To mitigate any financial exposure, please advise your clients to discuss their expectations with their carrier.

More Information:

For your convenience, we have attempted to simplify the information provided in this email. To provide more detail about these options, we have posted that information to our COVID-19 Updates page [HERE](#).

Ask An Expert

Join us Wednesday, August 11 at 3:00 p.m. EST, Employee Benefits Attorney Darcy Hitesman provides more details on these options and outlines potential liabilities for both. We will also provide a demo of how to run the report mentioned above and review how you can elect to change your gap period option.

REGISTER FOR WEBINAR

Sincerely,

Clarity Benefit Solutions

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