

# Protecting Retirement and Health Benefits after Job Loss

*Job loss or a reduction in hours can result in a loss of retirement and health benefits. However, federal law may help protect employees' (and their families') benefits when employment changes. Coverage options will vary depending on a variety of factors, so it's a good idea to compare options before choosing.*

## **You Can Enroll In Another Employment-based Health Plan**

If you lose eligibility for your health care coverage when switching from one job to another, but other group health coverage is available (for example, through a spouse's employment-based plan), consider enrolling in that plan via "special enrollment." Under the Health Insurance Portability and Accountability Act (HIPAA), special enrollment allows you and your family to enroll in a plan for which you are otherwise eligible, regardless of open enrollment periods. To qualify, you must request special enrollment within 30 days of losing eligibility for your original coverage. Your coverage must be effective no later than the first day of the first month following your request for enrollment.

If you enroll in employment-based group health plan coverage (such as special enrollment into a spouse's plan), group health plans and insurers can't refuse to cover treatment for preexisting conditions.

## **You Can Continue In Your Old Health Plan**

The Consolidated Omnibus Budget Reconciliation Act (COBRA) can help former employees and their families temporarily continue their health care coverage. You may qualify for COBRA coverage if:

- You were laid off, quit your job, or retired, or your hours were reduced;
- You were not fired for gross misconduct;
- Your employer had 20 or more employees;
- You were a participant in your employer's group health plan; and
- Your employer continues to maintain a health plan.

Once your job ends, your plan must provide you with written notice explaining your rights under COBRA. You have 60 days from the date the notice is provided or from the date coverage ended – whichever is later – to sign up for COBRA coverage. It begins the day your health care coverage ended and lasts up to 18 months (and longer in some cases). However, the plan may require you to pay the entire group rate premium, plus a 2 percent administrative fee.

If you were involuntarily terminated from employment or had a reduction in hours and you elect COBRA, you may be eligible for a 100 percent subsidy of your COBRA premium. The subsidy is available for periods of coverage from April 1, 2021 until September 30, 2021 under the American Rescue Plan Act. The subsidy will end earlier if you become eligible for other health coverage (such as a spouse's plan, a new employer's plan, or Medicare) or reach the end of the maximum period of COBRA coverage. If you did not elect COBRA when it was

first offered or elected COBRA but dropped it, you have a new, second election opportunity if your COBRA coverage period has not expired. Your plan should provide you a notice of your rights to the new election period and to the subsidy. (For more information on COBRA, order a free copy of *An Employee's Guide to Health Benefits Under COBRA* using the link or phone number below. For more information about the subsidy, go to <https://www.dol.gov/COBRA-subsidy> or call 1-866-444-3272 to speak to a Benefits Advisor.)

## You Can Enroll in Individual Coverage

Another option is to buy individual insurance coverage through the Health Insurance Marketplace. The Marketplace lets you see the health plan options available in your area in one place. You may be eligible for a tax credit that lowers your monthly premiums right away. Beginning April 1, 2021, the American Rescue Plan Act increases eligibility for tax credits which further reduce premiums for Marketplace coverage. You can see what your premium, deductibles, and out-of-pocket costs will be before you decide to enroll. You also may be eligible for a special enrollment opportunity in Marketplace coverage. For more information, visit [HealthCare.gov](https://www.healthcare.gov).

## Protecting Your Retirement Assets

If you lose your job, ask your plan administrator for a copy of your retirement plan's Summary Plan Description (SPD) and an individual benefit statement. The Summary Plan Description tells you what benefits the plan provides, when you can collect them, and, if you have a 401(k) account, whether your plan permits you to roll it over to a new employer's plan or to an IRA. The individual benefit statement lets you monitor your account balance. Keep it with your important papers. Also, the individual benefit statement is provided on a periodic basis so make sure you notify your plan administrator of any change of address. (For more information on protecting your retirement benefits, order a free copy of *What You Should Know About Your Retirement Plan* using the link or phone number below.)

## Get the Facts NOW

Contact EBSA if you have questions about your rights and responsibilities under HIPAA, COBRA, the Affordable Care Act, and the Employee Retirement Income Security Act.

For more information about health insurance options available through the Health Insurance Marketplace, visit [HealthCare.gov](https://www.healthcare.gov).



**EMPLOYEE BENEFITS SECURITY ADMINISTRATION**  
U.S. DEPARTMENT OF LABOR

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**Ask EBSA:** [askebsa.dol.gov](https://www.askebsa.dol.gov)



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