WILENTZ
ATTORNEYS AT LAW
WILENTZ, GOLDMAN & SPITZER, P.A.

Modifying Your Employees Work Schedule May Impact Their Health Insurance

03/18/20

Earlier today we blogged regarding employees' compensation during a modified work schedule. Please remember, if an employer lays off an employee and the employee has health insurance through the employer, the insurance will, most likely, have to be terminated, because the employee is not working the required hours and the employer offered COBRA/NJ Small Business Insurance Continuation. Please speak to your health insurance agent regarding the policy requirements.

However, pending federal legislation would expand the Family and Medical Leave Act (FMLA) and, therefore, permit/require employers to put employees on FMLA leave and maintain their health insurance during the leave. If the insurance is continued through FMLA, the employer and employee will each continue their contribution to the health insurance premiums.

If the legislation is passed and an employer has already laid off or terminated an employee, the terminated employee would not be eligible for FMLA and the related insurance. As a result, employers may want to consider reducing employees' hours, even to zero, (they can file for unemployment for a reduction of hours) instead of laying off/terminating employees.

Please note, if FMLA is not expanded, employees who are not working the requisite number of hours will have their insurance terminated and COBRA/NJ Small Business Insurance Continuation provided (unless there is an exception in the employer's health insurance plan). If insurance is continued through COBRA/NJ Small Business Insurance Continuation, the employee has the sole obligation to pay the insurance premiums.

For specific questions on employment health insurance coverage during a modified work schedule, please contact Tracy Armstrong or any other member of our Employment Law Team.

Attorney

- Tracy Armstrong

Practice

- Employment Law