



Employee Navigator Best Practices

Processing Furloughs & Terminations as a result of COVID-19

Employee Navigator's integrated ecosystem has many interconnected features with payroll providers, insurance carriers, Affordable Care Act, and COBRA TPA's. As a result, improperly terminating or furloughing employees through Employee Navigator's software OR through a payroll system that is integrated with Employee Navigator, could result in significant unintended, and possibly irreversible, damage to employee records. These incorrect employee or enrollment records could adversely impact current or future insurance enrollments, payroll deductions, 1095 processing, etc.

Therefore, we recommend taking some time to ensure you're taking the proper steps in Employee Navigator's software to ensure the initial outcome is correct and reduce the likelihood of issues when rehiring employees who have been impacted as a result of COVID-19. We have prepared the following information to help you avoid workarounds and ensure the smooth communication of enrollment changes to carriers and TPA's as well as an orderly rehire process.

Special Enrollment Opportunity

Q. My health insurance company has granted a limited time COVID-19 enrollment opportunity. How should I process these events?

A. This limited enrollment opportunity will allow employees who previously waived medical coverage for themselves *or* waived medical coverage for their eligible dependents to either add coverage for themselves or their dependents.

Employee Navigator is actively working to add 2 new life events to support carriers and employers who opted into this special enrollment opportunity. The life event is limited to medical and must be made "employee visible" by an admin user once released. The default effective date of change will be 4/1/2020. The projected date of the release of this new feature is 3/26/2020.

Layoffs vs. Furloughing employees

Layoffs are a result of the employer having no work for the employee, while a furlough is a mandatory suspension of work without pay. A furloughed employee will generally get to return to their job at some point after the leave of absence. As it relates to Employee Navigator and benefits, employees will fall into the following categories:

- Layoffs with benefits (this might also be called a temporary layoff)
- Furlough with benefits

Q. How should layoffs be handled?

A. Layoffs are processed as a termination with a reduction in force (COBRA) termination reason. This termination reason is a COBRA qualifying end reason, which means the employee will be eligible to continue coverage through COBRA. If an employer chooses to cover all or a portion of the employee's COBRA premium, that arrangement would be made directly with the COBRA administrator.

Q. Should I furlough employees without benefits?

A. No, ending benefits for an employee is a COBRA qualifying event. The employee should be terminated in Employee Navigator. This will end the benefits and qualifying events will be processed for companies using integrated COBRA administrators.

Q. How can I track furloughed employees with benefits?

A. A furloughed employee who will continue to receive benefits, either paid by the employee through a reduced salary during the furlough period or paid by the employer for a specific period should NOT be terminated in Employee Navigator. This is especially important for those using integrated payroll. Payroll should NOT be terminating employment for a furloughed employee.

To properly track a furloughed employee, we will be adding a "Furlough" leave status option to the system. This field can be found by going to the employee's Profile, select Employment and select "Furlough" from the Leave Status option.

Note: this field will be importable and added to our Ad Hoc Reports and on the next build scheduled. Employee Navigator will consider adding a feature to support adjusting the employer and employee contributions as it relates to 1095 reporting to account for employers who have paid the employee portion of the health insurance during a furlough. In the meantime, please track changes to the employer contributions for furloughed employees. This information will be needed in the future to properly update costs in Line 15 (monthly employee contribution for medical) for 1095 reporting.

At the end of the furlough period, should the employee not be able to return to work an assessment would be made to layoff the employee (process a termination in payroll and Employee Navigator) and offer continuation of coverage through COBRA.

Q. How can I track furloughed employee without benefits?

A. A furloughed employee without benefits is a terminated employee.

Q. We are furloughing employees, and usually benefits end upon termination, but we want to extend them through the end of the month. How do I track this?

A. Again, a furloughed employee who will be experiencing a loss of coverage is a terminated employee. If the furlough causes a reduction in force that drops the employee below the full-time benefit eligibility threshold, the employee may be entitled to COBRA or State Continuation. Before extending coverage for this employee as severance:

- Check with your insurance company to ensure that you can make this change. This type of change may require you to amend your insurance agreement or to inform your carrier in writing. You'll want to make sure your insurance carrier changes the setting in their computer system before processing the termination
- You should inform your COBRA provider of the change in termination rules
- Then terminate the employee's coverage to trigger the proper COBRA qualifying event notice

Q. We are processing a lot of terminations, should I notify my COBRA administrator?

A. Yes, especially if you are using an integrated COBRA TPA with Employee Navigator. Many COBRA software systems will flag and reject large numbers of terminations once they meet certain thresholds, so we recommend letting your TPA know if you intend layoffs > 5% of your workforce.

Q. I am using an integrated payroll provider and want to terminate employment, but do not want to end their benefits. What should I do?

A. In reality you are furloughing the employees without pay, and not laying them off. This means you should not terminate them in the payroll system. If you enter a termination date in the payroll system, it will automatically terminate all of their benefits in Employee Navigator as well as integrated carriers. We recommend speaking with your payroll provider to determine the proper setting to use in the payroll system and recommend speaking with Employee Navigator's support team if the integrated payroll provider instructs you to enter a termination date.

Q. We are not paying our employees and are not terminating them, but will keep them on their benefits, what should we do?

A. If you are not using an integrated payroll provider, you do not need to take any action in Employee Navigator. You can track these employees by indicating they are furloughed on the employee profile under "leave status".

Q. We use an integrated payroll provider, and want to stop deductions for furloughed employees, what should we do?

A. This is generally a function of payroll. If the employees receive no pay, there is no income from which to complete a payroll deduction, therefore, no action should be taken in Employee Navigator. You should contact your payroll provider to determine if there is a setting in their system which will stop the accumulation of payroll deductions. Meaning, you want to be sure that when the employee is rehired after missing 3 pay periods, that you do not take out all of the missed deductions on the 1st payroll after returning from furlough.

Q. How does the reinstate feature work in Employee Navigator?

A. Reinstatement will unset the employee's termination and plan enrollment end dates (if any) so that coverage is reinstated back to the employee's original hire and coverage start date. **IF YOU ARE CONNECTED TO PAYROLL**, reconsider reinstatement until you have contacted your payroll vendor. If an employee was terminated in error or retracted their resignation and are terminated in the payroll system, the employee must be reinstated in the payroll system first.

Q. How does the rehire feature work in Employee Navigator?

A. Rehire allows you to enter a new hire date and will recalculate the employee's eligibility for benefits based on their rehire date. Currently, the "New Hire" eligibility rule set on the plans will be used to calculate the employee's new eligibility date for coverage.

Q. Should I rehire or reinstate an employee?

A. Use *Reinstatement* when the employee's hire date did not change and when ended coverage should be reinstated back to the original coverage start date. Reinstating an employee essentially "undoes" their termination. Reinstatement will also remove the COBRA event that was set on employees' record when termination was entered.

Use *Rehire* if the employee was previously and legitimately terminated, had a break in employment, and will be eligible for new benefits now that they are re-employed with the company. Rehires will generally have a new enrollment window opportunity depending on the company's enrollment window settings and the employee's rehire date.

Q. We are measuring our Variable Hour employees using the Look Back Measurement Method in Employee Navigator. What do I need to know?

A. If a Variable Hour employee worked enough hours during their last measurement to be considered ACA Eligible for the current stability period, coverage must continue to be offered to the employee. Even if the employee is furloughed, this Variable Hour employee worked enough hours during their previous measurement period to be offered coverage and they must be offered coverage for their entire stability period.