



Considerations around Layoff

The COVID-19 emergency has presented employers with many challenges to consider, including layoffs for their employees. As you read, please note that in the absence of COBRA applicability, state continuation may apply.

Things to Know:

- **Overall**

Layoffs are generally treated as an employment termination. Even though the most common scenario is a temporary reduction in force, your intent is to eventually recall the employee.

A layoff is a COBRA-trigger event for health benefits (healthcare, dental, vision, Healthcare FSA, HRA, etc.). In this situation, you can offer a severance and subsidize a portion of the COBRA premium.

- **Returning to work**

In the case of a layoff, reinstatement of a returning employee's benefits will be governed by your layoff and recall policy and the applicable benefit plan documentation. Careful consideration should be made regarding formalization of such a policy.

- **Other considerations**

For Applicable Large Employers (ALE), defined under the Affordable Care Act (ACA), layoffs can have an impact on your obligations under the ACA Employer Mandate.

This information provides general information and should not be viewed as legal advice. If you are contemplating any actions listed here, we advise consulting legal counsel to ensure compliance with federal, state and local laws.

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