

DOL Advises Plan Sponsors to Extend Enrollment Period for Employees Losing Medicaid

The unwinding of a COVID-19 policy that prohibited states from removing people from Medicaid and CHIP could leave hundreds of thousands without health coverage.

Reported by [REMY SAMUELS](#)

The [Department of Labor](#) is encouraging plan sponsors to amend their group health plans to extend the period for special enrollment, as many employees will soon lose eligibility for Medicaid and other government health coverage.

Eligibility for Medicaid coverage typically must be renewed each year, but during the COVID-19 pandemic, most Medicaid coverage terminations were paused to minimize coverage loss during the public health emergency. This termination pause expired on March 31 under the terms of the Consolidation Appropriations Act, 2023.

Currently, Medicaid agencies across the country are in the process of resuming regular eligibility and enrollment operations, which includes renewing coverage for all individuals enrolled in Medicaid and the Children's Health Insurance Program and terminating coverage for individuals who are no longer eligible.

As a result, the DOL expects that people who lose Medicaid and CHIP coverage because they are no longer eligible for the programs will need to transition to other sources of coverage, such as through their employer.

A recent Department of Health and Human Services [report](#) projected that approximately 3.8 million individuals who lose Medicaid eligibility will be eligible for employment-based coverage. HHS estimated that 8.2 million individuals will leave Medicaid due to loss of eligibility, and another 6.8 million will leave due to "administrative churning" or failure to complete the renewal process for various reasons, such as an incorrect address on file with the agency.

A [majority of states](#) have already started to remove people from the rolls. At least 3.289 million Medicaid enrollees have been disenrolled as of July 21, based on the most [current data](#) from 35 states and the District of Columbia, as reported by the Kaiser Family Foundation.

Many individuals will likely need more than the typical 60-day window after loss of Medicaid or CHIP coverage to apply for enrollment in other coverage because of this unprecedented resumption of renewals after a three-year gap.

According to the DOL, some employees may not even realize that they lost Medicaid or CHIP coverage until they try to access care, since they may have missed notices from their state agency and therefore missed the opportunity to enroll in other coverage.

Roberta Casper Watson, a partner in Wagner Law Group, says if someone first realizes they were taken off Medicaid when seeking care for a serious accident or health emergency, providing them access to the employer plan at that time may involve a significant cost to the employer if the individual missed the typical 60-day period.

"It'll be interesting to see how receptive employers are to letting people in [a health plan] if they've missed the 60-day special enrollment deadline," Watson says.

Watson adds that if someone on Medicaid moved but did not notify the state agency, they may not receive the notification that their Medicaid eligibility is being reassessed.

"There's a lot of concern that some people may get thrown off of Medicaid, even though they're eligible, just because the state [agency] determines that they're ineligible for whatever substantive or administrative reason they come up with," Watson says.

The Centers for Medicare & Medicaid Services have announced a temporary special enrollment period on [HealthCare.gov](https://www.healthcare.gov) to address the issue. Marketplace-eligible consumers who lose Medicaid or CHIP coverage any time between March 31, 2023, and July 31, 2024, will be able to enroll. This special enrollment period is accompanied by a "multimodal, multifaceted outreach and marketing campaign targeting individuals losing their Medicaid and CHIP coverage," according to the DOL.

The DOL advises plan sponsors to follow in these footsteps and allow individuals losing Medicaid or CHIP to enroll any time during this annual redetermination process, "in recognition of the complicated transition and the importance of maintaining life-saving coverage for employees and their families."

"As outlined in recent guidance, there are no legal or regulatory barriers that would prevent group health plans from allowing for special enrollment periods beyond the minimum 60 days required by statute," the DOL stated. "Also, it is in the interest of employers to ensure that their employees have access to health coverage."

Watson says the only potential legal barrier plan sponsors may face is that they must amend their plan, because it is likely their plan only calls for the 60-day period. Watson says plan sponsors would have to take action to expand beyond 60 days.

"I would recommend that employers be aware that the Biden administration is making this request and that they make a conscious decision as to whether they're going to cooperate with it or not," Watson says.

In addition, the DOL suggested plan sponsors should spread the word about Medicaid and CHIP renewals and encourage employees who are covered under these programs to update their contact information with their respective state agency.

Employers can use CMS resources to help with messaging available on [Medicaid's website](#), which includes employer fact sheets.

Plan sponsors should also work with human resources staff and others involved in health plan administration to ensure they are prepared to assist employees with transitioning to employment-based coverage outside of annual coverage election windows, according to the DOL.

Tags

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