

Job Loss?

Important Information Workers Need to Know to Protect their Health Coverage and Retirement Benefits

U.S. Department of Labor

Working for an employer who offers health and retirement benefits is one of the smartest things an employee can do. But what happens when you leave the job? What happens to your health and retirement benefits if you are downsized or go to work for another employer?

The good news is that you have protections under federal law. You may be able to continue your health care coverage, for instance. And you'll want to protect the retirement benefits you've earned so you will have them when you retire. Know the benefits and protections you are entitled to and where to go with questions.

If you have questions or want free booklets about your health benefit rights and retirement plan protections, call the Employee Benefits Security Administration office near you at 1-866-444-EBSA (3272).

1

Extend your health care coverage

You may have a special enrollment opportunity in your spouse's plan. Or, if you belong to an employer-sponsored health benefits plan—and if your employer's firm has more than 20 employees—you may be able to extend your health coverage under a law called COBRA, the Consolidated Omnibus Budget Reconciliation Act. COBRA lets you purchase continued health care coverage at the same group rates paid by your former employer's plan plus an added 2 percent for administrative fees. Coverage can last from 18 to 36 months.

If you lost your job on or after September 1, 2008, you may be eligible for a 65 percent reduction in your COBRA premium for up to 9 months. If you did not elect COBRA coverage when you were eligible on or after September 1, 2008, or elected the coverage but dropped it, you may be eligible for a new opportunity to elect COBRA coverage and take advantage of the premium reduction.

2

Your new employer's health benefits plan can't exclude you because of a prior health condition

When you switch jobs, you cannot be denied enrollment in your new employer's health benefits plan due to a pre-existing medical condition. That's the law under HIPAA, the Health Insurance Portability and Accountability Act. In addition, if you had health coverage in your previous job, you may be able to receive credit that will reduce certain exclusion periods for pre-existing conditions.

3

Protect the retirement benefits you've earned

Keep your records. When you leave a job or retire, make sure you have copies of your retirement plan's Summary plan Description, or SPD as it is usually called, and any amendments. These documents tell you if you're eligible for a retirement and when you can receive retirement benefits. Learn about these and other retirement safeguards under ERISA, the Employee Retirement Income Security Act.