



# CENTRAL STATES FUNDS

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## 2020 SPECIAL BULLETIN – 2020-3

**DATE:** APRIL 9, 2020

**TO:** EMPLOYERS AND LOCAL UNIONS IN CENTRAL STATES HEALTH FUND  
EMPLOYERS AND LOCAL UNIONS IN CENTRAL STATES PENSION FUND

**RE: TEAMCARE PLAN AMENDMENT AUTHORIZING COVERAGE FOR EMPLOYEES ON LAYOFF AND FREQUENTLY ASKED QUESTIONS ABOUT COVID-19 LEGISLATION**

The Boards of Trustees of TeamCare – A Central States Health Fund and the Central States Pension Fund have been closely monitoring the impact of the global outbreak of the novel coronavirus 2019 (COVID-19). Our hearts go out to our members and their families, local unions and employers that have been impacted by this unprecedented crisis.

The two-fold purpose of this Special Bulletin is to:

- Provide notice of the recent decision by the Board of Trustees to amend the Health Plan to provide up to **eight weeks** of extended TeamCare benefit coverage at no cost to members laid off between March 1 and December 31, 2020; and
- Provide a description of recent COVID-19 Federal legislation as it relates to employee compensation, employer contribution obligations, and employee benefit coverage.

### **HEALTH FUND PLAN AMENDMENT: TEAMCARE LAYOFF COVERAGE**

The Board of Trustees of TeamCare have approved a Plan amendment granting up to **eight weeks** of **TeamCare Layoff Coverage** at no cost to members who are laid off between March 1, 2020 and December 31, 2020.

In cases where a collective bargaining agreement, other written agreement, or any legal obligation requires employer contributions for laid off employees paid to the Fund; the eight weeks of TeamCare Layoff Coverage will begin the week **after** the employer paid contributions cease.

Members who continue to be laid off at the end of the TeamCare Layoff Coverage may elect COBRA for continued coverage. More information regarding COBRA coverage is included in the **Frequently Asked Questions** below.



**TEAMCARE**<sup>®</sup>  
A CENTRAL STATES HEALTH PLAN

## RECENT FEDERAL LEGISLATION

The **Families First Coronavirus Response Act** (FFCRA) requires employers with fewer than 500 employees to provide employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. In addition, the **Coronavirus Aid, Relief, and Economic Security Act** (CARES Act) provides emergency assistance and healthcare response for individuals, families, and businesses affected by the COVID-19 pandemic.

The following is a summary of certain leave provisions in the **FFCRA** and the **CARES Act** that could impact employers in TeamCare and the Central States Pension Fund:

- **Employers Covered by the FFCRA:**

The paid sick leave and expanded family and medical leave provisions of the FFCRA apply to private sector employers with fewer than 500 employees and certain public sector employers.\*

- **Leave Requirements Under the FFCRA:**

Generally, effective April 1, 2020, covered employers must provide their employees:

- Up to two weeks (80 hours, or a part-time employee's average number of work hours in a two-week period) of **paid sick leave** at the employee's regular rate of pay where the employee is unable to work (or telework) because the employee is quarantined (pursuant to Federal, State, or local government order or advice of a health care provider), and/or experiencing COVID-19 symptoms and seeking a medical diagnosis; or
- Up to two weeks (80 hours, or a part-time employee's average number of work hours in a two-week period) of paid sick leave at two-thirds the employee's regular rate of pay because the employee is unable to work (or telework) because of a need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19.

A covered employer must also provide to employees that it has employed for at least 30 days:

- Up to an additional 10 weeks of paid **expanded family and medical leave** at two-thirds the employee's regular rate of pay where an employee is unable to work due to a bona fide need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19.

\* *Businesses with fewer than 50 employees may qualify for exemption from the leave provisions contained in the FFCRA and CARES Act. Employers should seek legal counsel and/or visit the Department of Labor's website for additional guidance.*

- **Qualifying Reasons for Leave:**

Under the FFCRA, an employee qualifies for two weeks of **paid sick time** if the employee is unable to work (or unable to telework) due to a need for leave because the employee:

1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
2. has been advised by a health care provider to self-quarantine related to COVID-19;
3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2);
5. is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19; or
6. is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury.

- **Expanded Family Leave:**

Under the FFCRA, an employee qualifies for **expanded paid family and medical leave** of up to ten additional weeks if the employee is caring for a child whose school or place of care is closed (or childcare provider is unavailable) for reasons related to COVID-19.

- **Employer Tax Credits:**

Covered employers qualify for dollar-for-dollar reimbursement through tax credits for all wages paid to an employee and healthcare contributions to TeamCare for leave taken under the FFCRA for a qualifying reason, up to the appropriate payment caps.

**NOTE:** The above is only a summary of the leave provisions in the FFCRA and CARES Act. For more detailed information, employers should seek legal counsel and/or visit the websites of the Department of Labor and/or the Department of Treasury which contain additional guidance.

## **FREQUENTLY ASKED QUESTIONS**

- 1. If an employer with less than 500 employees is required to provide up to two weeks of paid sick leave to employees under the FFCRA, is the employer required to pay contributions to the Health Fund or the Pension Fund for these weeks?**

Yes. The Participation Agreement and Trust Agreements of both Funds require that the full contribution rate be paid for any period that employees receive any compensation from their employer.

- 2. If an employer with less than 500 employees is required to provide up to ten weeks of expanded paid family and medical leave to employees under the FFCRA, is the employer required to pay contributions to the Health Fund or the Pension Fund for these weeks?**

Yes. The Participation Agreement and Trust Agreements of both Funds require that the full contribution rate be paid for any period that employees receive any compensation from their employer. TeamCare contributions are also required whenever an employee is on leave under the Family and Medical Leave Act (FMLA).

- 3. Are there any provisions in the FFCRA or the CARES Act that might provide some financial assistance to employers that participate in the Health Fund and the Pension Fund?**

Yes. Employers qualify for dollar-for-dollar reimbursement (up to the appropriate payment caps) through tax credits for all wages paid to an employee for leave taken under the FFCRA as well as the TeamCare contributions paid by the Employer to maintain health coverage for the employee during the leave period. The CARES Act also provides financial assistance to employers impacted by COVID-19 through various programs. Some of the programs include:

- **Paycheck Protection Program:** Under this program, Small Business Administration loans are available to employers with less than 500 employees with relaxed qualifying requirements. Generally, the loans will be forgiven if:
  - The loan proceeds are used to cover payroll, group health insurance (such as TeamCare), retirement costs (such as the Pension Fund), most mortgage interest, rent, and utilities over the 8-week period after the loan is made; and
  - Employee and compensation levels are maintained.
- **Employee Retention Credit:** This program is designed to encourage businesses to keep employees on their payroll. The refundable tax credit is 50 percent of up to \$10,000 in wages (per employee) paid by an eligible employer whose business has been financially impacted by COVID-19.

Additional details regarding both programs are available on the Department of Treasury's website.

- 4. If an employee is laid off after the paid sick leave and/or the expanded paid family medical leave periods have expired under the FFCRA, is the employee entitled to up to eight weeks of TeamCare Layoff Coverage at no cost?**

Yes. The TeamCare Layoff Coverage is available after the employer's paid contributions required under the FFCRA ends.

- 5. Is the TeamCare Layoff Coverage required to be used in consecutive weeks if the employee works intermittently?**

TeamCare Layoff Coverage must be used in consecutive weeks of layoff. If the layoff is intermittent, the eight weeks of TeamCare Layoff Coverage will be applied to those weeks the employee would not be eligible for coverage due to the absence of employer contributions.

- 6. Will the TeamCare Layoff Coverage be applied to a week where an employee works less than the required number of days for a full week of benefit coverage (for example, works one day and per CBA needs 3 days for a full contribution)?**

Yes.

- 7. Is an employee eligible for short-term disability benefits from TeamCare while receiving the two weeks of paid sick leave or the ten weeks of expanded paid family and medical leave under the FFCRA?**

No. Short-term disability benefits are never payable for a period an employee is receiving compensation from the employer. This includes the paid leave under the FFCRA as well as any compensation paid under a collective bargaining agreement (for example, vacation pay). An employee may be eligible for short-term disability benefits after the paid leave period if the employee is not in a layoff status and would have otherwise returned to work if not for the illness.

- 8. Is an employee eligible for short-term disability benefits from TeamCare because the employee is laid off, on a leave of absence or has been terminated by the employer?**

No. Short-term disability benefits are only payable if an employee is unable to work due to a physical disability that has been verified by a health care provider.

- 9. If an employee qualifies for a short-term disability benefit from TeamCare, is the employer required to pay contributions during the disability period?**

If contributions are required to be paid by written agreement or the collective bargaining agreement between the parties for an employee absent due to illness or injury, contributions to the respective Funds are required. Please refer to the collective bargaining agreement.

**10. What is COBRA continuation coverage and how is it elected?**

Once TeamCare receives notice of a qualifying event, COBRA continuation coverage will be offered to the member and each of the qualified beneficiaries. COBRA continuation coverage is a temporary continuation of coverage that lasts up to 24 months due to reduction of hours of work (such as a layoff) or employment termination.

A COBRA notice will be mailed to the member after TeamCare is notified by an employer that a member is inactive, and an employer health contribution is not required. The member can also download the notice at **MyTeamCare.org**. It is important for the member to read the notice carefully and determine whether to submit a COBRA election form to continue coverage within the allotted timeframe.

The cost of coverage varies by plan and will be stated in the COBRA notice. The COBRA notice will also outline the timeframe to elect COBRA and to make the payment.

**NOTE:** Due to the timing of work history reporting and eligibility posted by our vendor partners, certain healthcare claims may be paid inadvertently during a period after coverage ceases. These claims will be recouped by TeamCare for any period a member does not have coverage.

**11. Are there other coverage options besides COBRA Continuation Coverage?**

Yes. Instead of enrolling in COBRA continuation coverage, there may be other coverage options for you and your family through the Health Insurance Marketplace, Medicaid, or other group health plan coverage options (such as a spouse's plan) through what is called a "special enrollment period." Some of these options may cost less than COBRA continuation coverage. You can learn more about many of these options at [HealthCare.gov](http://HealthCare.gov).

The health and safety of our members as well as the security of having continued healthcare coverage is our first concern during this crisis. This is a rapidly evolving situation that we will continue to monitor.

If you have any questions, please contact your Field Service Representative, or visit our website at **MyTeamCare.org**.

Sincerely,

BOARD OF TRUSTEES, CENTRAL STATES, SOUTHEAST  
AND SOUTHWEST AREAS HEALTH AND WELFARE AND PENSION FUNDS, BY:



THOMAS C. NYHAN  
EXECUTIVE DIRECTOR