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Group Health Coverage & Leaves of Absence: Key Takeaways for Employers

9/28/2026

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Practices: Employee Benefits & Executive Compensation, Employment Counseling, Compliance & Training, Employment, Labor & Benefits

When an employee takes a leave of absence, employers typically evaluate their obligations under FMLA, ADA and applicable state leave laws. Employers should also review their group medical insurance policy, which governs how long active group medical insurance coverage may continue before COBRA or state continuation coverage must be offered.

The group medical insurance policy is the contractual document that establishes the limits on active coverage. Even when a leave is protected by a federal or state law, employers should not assume that active group medical insurance coverage continues indefinitely. The policy terms will also determine when active coverage ends and when continuation coverage obligations arise.

For example, a policy may provide:

- **Non-Medical Leave of Absence:** An employee who takes a personal, non-medical leave of absence may remain on the active group medical insurance plan for up to one month from the start of the leave.

- **Medical or Disability-Related Leave of Absence:** An employee who takes a medical leave of absence or disability-related leave may remain on the active group medical insurance plan for up to six months from the start of the leave.

In this example, an employee on personal leave may remain on active group medical insurance coverage for one month, while an employee on medical or disability-related leave may remain on active group medical insurance coverage for up to six months. When the applicable policy period expires, the employer should offer COBRA or state continuation coverage. Employers should track these deadlines carefully to avoid extending active group medical insurance coverage beyond the policy's terms.

Action Steps: Employers should review their current group medical insurance policy to determine the applicable coverage periods for each type of leave. The review should address personal leave, medical or disability-related leave, any provision that may allow coverage to extend beyond a protected leave period such as FMLA and any other event that terminates active group medical insurance coverage. If the policy language is unclear, employers should seek clarification from the broker or carrier.

For questions regarding navigating coverage terminations, COBRA or state continuation coverage, employers should consult their insurance broker, benefits consultant or a Masuda Funai employment attorney.