

Washington State Health Care Authority

Eligibility Refresher



PEBB Outreach & Training
April 2016

Agenda

- Schedule for the day
- Introductions
- PEBB eligibility and benefits reminders
- Survey

Washington State Health Care Authority
Public Employees Benefits Board

Resources

- [PersPay website](#) (for employers)
 - Manuals
 - Worksheets
 - Quick Reference Guides
 - WAC and PEBB policy
 - Listserv and FUZE
 - Rates
- [PEBB website](#) (for employees)
- Class packet

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Date of Eligibility & Effective Date

- **Date of eligibility = When employee becomes eligible**
 - If employee meets the eligibility criteria upon employment, the eligibility date is their first day of work
 - “Hire date” also means the date of eligibility—**not** the date the employee was offered the position
- **Effective date = When coverage begins**
 - When the employee *receives* benefits
- Date of eligibility and effective date can be the same day
 - Depends on when employee establishes eligibility

See 2016 First Working Day of the Month/Effective Date

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Date of Eligibility & Effective Date Check-In

- Adam is eligible upon employment and starts work on June 15
 - What is Adam’s date of eligibility and when does coverage begin?
- Jeanne is eligible upon employment and starts work on August 1
 - What is Jeanne’s date of eligibility and when does coverage begin?
- Mary is eligible upon employment and starts work on January 4, 2016
 - What is Mary’s date of eligibility and when does coverage begin?

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Maintaining Eligibility — WAC 182-12-131—

- Employee maintains eligibility by:
 - Being in pay status* 8 or more hours per month
 - Employee can physically work 8 hours
 - Employee can be on approved leave for 8 hours

*"Pay status" means all hours for which an employee receives pay.

See WAC 182-12-131



Losing Eligibility — WAC 182-12-131—

- If employee fails to maintain eligibility:
(by not being in pay status 8 or more hours per month)
 - Lose benefits
 - Effective the last day of the month the employee is eligible for the employer contribution
 - Employee must re-establish eligibility under WAC 182-12-114



Losing Eligibility Check-In

- Ron works 8 hours in June but only 3 hours in July—when does coverage end?
- Sandy works 8 hours on July 1 and no hours in August—when does coverage end?



Eligibility Scenario Walkthrough

Tony starts a new job at DOC on 5/1/2016. DOC anticipates he will work:

- a) 160 hours per month,
- b) For at least 8 hours in each month, and
- c) For 6 consecutive months

FOLLOW UP QUESTIONS

- Is Tony eligible upon employment?
- If so, what is Tony's date of eligibility and effective date?
- What rule supports your decision?



Eligibility Scenario Walkthrough —Continued—

On 8/15/2016, Tony's position is extended until 12/31/2016 (8 months total). He's anticipated to work the same number of hours per month until the end of his appointment.

FOLLOW UP QUESTIONS

- Is Tony eligible now?
- If so, what is Tony's date of eligibility and effective date?
- What rule supports your decision?





Regaining Eligibility



Regaining Eligibility

- Occurs when employee returns to work from approved leave or layoff (for hourly/salaried employees)
 - Coverage is effective the first day of the month employee is in pay status* 8 or more hours
 - Employee can physically work 8 hours in the month
 - Employee can be on approved leave for 8 hours in the month

**Pay status* means all hours for which an employee receives pay.



Regaining Eligibility

- Date of eligibility = Date the employee returns to work
- These forms must be received no later than **31 days** after regaining eligibility:
 - *Employee Enrollment/Change form*
 - *Life Insurance Enrollment/Change form*
 - Employee will be defaulted to basic life if employee:
 - Fails to timely submit form
 - Evidence of insurability is required if employee:
 - Fails to timely submit form and wishes to reinstate prior coverage
 - Did not continue supplemental life while on leave

See D-1 worksheet



Regaining Eligibility = SOE

- Change in employment status is a qualifying special open enrollment in which employee has **60 days** from the date they return to work to submit *Employee Enrollment/Change form*
 - If employee fails to timely submit form within 31 days, the employee is defaulted but has more time (29 additional days, 60 days total) to change their medical and dental plans
 - Jane fails to timely submit her forms and defaults as a single subscriber (no dependents) on day 32, but has additional time to enroll herself and dependents in a medical and dental plan (prospective)



Regaining Eligibility Check-In

- Phil returns to work from layoff on 2/15 and works 8 hours—when does his coverage begin? What is his date of eligibility?
- Nancy returns to work from LWOP on 3/31 and submits 8 hours of leave—when does her coverage begin? What is her date of eligibility?



Re-Establishing & Regaining Eligibility

- Difference between *re-establishing* and *regaining* eligibility
 - **Re-establish:** Employee must meet eligibility criteria under WAC 182-12-114 again
 - **Regain:** When an employee returns to work from approved leave or layoff





Reduction in Hours, Layoff, & Enrolling a Newborn



Reduction in Hours

- If **employee** initiates a reduction in hours that falls below an average of 80 hours/month:
 - Employee loses eligibility
- If **employer** initiates a reduction in hours that falls below an average of 80 hours/month
 - Employee does **not** lose eligibility as long as the employee continues to have at least 8 hours of pay status in a month
- Continuation coverage options are available to employees who lose employer contribution



Reduction in Hours Check In

- Bridget requests to work 15 hours per week
 - Complete the B-4 worksheet
 - Is Bridget eligible for benefits?
- Scott's employer reduces his hours to 15 hours per week
 - Complete the B-4 worksheet
 - Is Scott eligible for benefits?



Layoff

- If **employee** is laid off:
 - Eligibility is retained per WAC 182-12-129
 - Employee must work at least 8 hours/month to keep benefits
 - To maintain eligibility upon returning to work after layoff, employee must:
 - Be hired within 24 months of layoff, and
 - Notify new employer of their return from layoff status



Layoff vs. Termination

- **Layoff:**
 - Change in employment status due to an employer’s lack of funds or an organizational change
- **Termination of the employment relationship:**
 - Employee resigns or is dismissed and the employer has no anticipation employee will be rehired



Enrolling a Newborn

- If employee adds a newborn, newly adopted child, or assumes legal obligation for total or partial support in anticipation of adoption that will increase their premium (e.g., first child), employee must submit:
 - *Employee Enrollment/Change* form no later than 12 months after the birth or adoption*
 - Employee will owe back premiums
 - Child is retro-enrolled to **date of birth**
 - If child’s birthdate is within the first 15 days of the month, premium increases that month
 - If child’s birthdate is the 16th of the month or after, premium increases the following month

**If the employee is adding a spouse due to the birth of the child, the enrollment forms must be submitted no later than 60 days from the date of birth*





Employee Transfers

When Employees Transfer

- A transfer is **not** a qualifying special open enrollment
 - All coverage remains the same (no new elections)
- If a **break in PEBB coverage*** exists, employee is treated as a new hire
 - New election period

*A break in PEBB coverage is at least one full month in which the employee does not receive the employer contribution.



When Employees Transfer Check In

TIP: Assume all employees who transfer have worked 8 or more hours and are benefits-eligible with their former and new agencies

- An employee transfers from one agency on 3/31 to another on 4/1
 - Is there a break in PEBB coverage?
 - Does the employee receive new elections? Why or why not?
- An employee transfers from one agency on 4/30 to another on 5/31
 - Is there a break in PEBB coverage?
 - Does the employee receive new elections? Why or why not?
- An employee is terminated from one agency on 2/15 and starts with another agency on 3/15
 - Is this situation considered a transfer?
 - Is there a break in PEBB coverage?
 - Does the employee receive new elections? Why or why not?



Coverage Changes During Transfer

	State Agency	Higher Ed	MEDICAL ONLY Employer Group	FULL BENEFITS PACKAGE Employer Group
State Agency	No changes	No changes	No changes (lose dental, life, LTD, and FSA/DCAP)	No changes (lose FSA/DCAP)
Higher Ed	No changes	No changes	No changes (lose dental, life, LTD, and FSA/DCAP)	No changes (lose FSA/DCAP)
MEDICAL ONLY Employer Group	Dental, life, LTD, FSA/DCAP	Dental, life, LTD, FSA/DCAP	No changes	Dental, life, LTD
FULL BENEFITS PACKAGE Employer Group	FSA/DCAP	FSA/DCAP	No changes (lose dental, life, and LTD)	No changes



Who Pays When Employee Transfers?

- WAC 182-08-200 states:
 - **Losing agency:** Responsible for payment for that employee for that month
 - **Gaining agency:** Responsible for payment for the month employee transfers
- An employee transfers from DOC on 3/31 to DSHS on 4/1
 - Which agency is the gaining and losing agency?
 - For what month does DOC pay?
 - For what month does DSHS pay?



Who Pays When Employee Transfers? Check In

- An employee transfers from DOT on 4/30 to HCA on 5/31
 - For what month does DOT pay?
 - For what month does HCA pay?
- An employee is terminated from DOL on 2/15 and starts with DRS on 3/15
 - For what month does DOL pay?
 - For what month does DRS pay?





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Life Insurance

Guaranteed Issue Amount

Newly eligible employees can elect a pre-defined amount of coverage without evidence of insurability or carrier approval

- **Employee supplemental**
 - Up to \$250,000 if under the age of 60
 - Up to \$100,000 if over the age of 60
- **Spouse supplemental**
 - Up to \$50,000
- Must be within 60 days of gaining eligibility, or
- If adding spouse/partner due to marriage, spouse supplemental must be within 60 days of marriage/partnership date



Life Insurance Review

- Employees can elect additional coverage at any time or request a higher amount than the guaranteed issue amount within their 60 days
 - Evidence of insurability and carrier approval required
- Spousal supplemental cannot be more than 1/2 of employee supplemental



Evidence of Insurability

- Employees must submit an *Evidence of Insurability* (EOI) form for carrier approval if they:
 - Submitted *Life Enrollment/Change* form more than 60 days **after** initial date of eligibility or more than 60 days after date of marriage/partnership
 - Requested **more than** the guaranteed issue amount for employee and spouse supplemental within the 60 days
- For current employees making a change to coverage that requires EOI, only *EOI* form is sent to carrier



Premiums

- Life Insurance premium is based on:
 - Employee's age
 - Tobacco use*
- AD&D cost is based on:
 - Requested amount
 - Inclusion of family members

*If a current employee has a change in tobacco use status (tobacco-free for 2 months or more), they can submit an [Amendment to Original Application](#) and receive the non-tobacco user rate



Calculating Life Premium

- See *2016 Life LTD Rates*
- Example:
 - Employee wants to purchase *guaranteed issue amount* for employee and spouse supplemental coverage:
 - Employee is 35 years old and a non-smoker
 - Spouse is 48 years old and uses tobacco
 - \$250K + \$50K = \$300K total supplemental
 - Calculation: 300×0.049 (smoker rate* for ages 35-39**) = \$14.70/mo.

*Smoker rate is applied to premium if either employee or spouse uses tobacco
**Only the age of employee is applied to premium



Calculating AD&D Premium

- See *2016 Life LTD Rates*
- Examples:
 - Employee wants to purchase supplemental AD&D
 - \$250K for employee only: \$3.00/mo.
 - \$250K for employee + dependent: \$4.75/mo.



Life Final Action Notice (FAN)

- A FAN will be issued by ReliaStar when:
 - Employee requests more than guaranteed issue amount
 - Employee elects to increase or apply for supplemental coverage after initial date of eligibility
 - FAN will indicate if request for coverage is approved, denied, or closed



Life Waiver of Premium

- The following (combined) circumstances may allow an employee to waive their life insurance premiums:
 - Employee becomes totally disabled
 - Disabled for at least 6 months
 - Employee is under the age of 60
- A waiver can be requested for each part of life insurance employee is currently enrolled in, except Supplemental AD&D



Accelerated Benefit Claim

- Payable to an employee with a terminal condition and a life expectancy of no more than 24 months
 - Benefit is equal to 50% of the amount of employee basic and supplemental or \$100,000, whichever is less
 - Must have at least \$10,000 in life insurance coverage to qualify



Approved Leave & Life Insurance

- While on approved leave:
 - Employee can *self-pay* or *not pay* for supplemental life insurance
- Upon returning from approved leave:
 - Employee must submit *Life Insurance Enrollment/Change form*
 - No later than **31 days** after regaining eligibility—even if employee self-paid coverage
 - Employer re-instates amount employee self-paid only
 - All other supplemental (non-paid) coverage requires carrier approval for reinstatement
 - If employee fails to timely submit their form, carrier approval is required for enrollment in any supplemental coverage



Transferring Life Insurance

- Both spouses/partners:
 - Are employees covered by PEBB benefits
 - One spouse (employee) terminates employment
- Any *employee supplemental* can be transferred to remaining insured *employee's spouse supplemental* up to plan maximum
- Any *spouse supplemental* can be transferred to remaining insured *employee's supplemental* up to plan maximum



Transferring Life Insurance

Terminated Spouse A
(Employee)

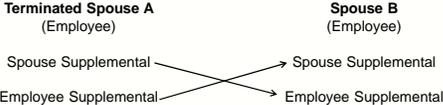
Spouse Supplemental

Employee Supplemental

Spouse B
(Employee)

Spouse Supplemental

Employee Supplemental



- **Spouse A's** spouse supplemental can be transferred to **Spouse B's** employee supplemental, up to \$750K
- **Spouse A's** employee supplemental can be transferred to **Spouse B's** spouse supplemental, not to exceed 1/2 of the total employee supplemental



Transferring Life Insurance Example

Terminated Spouse A Coverage (Employee)		Spouse B Coverage (Employee)
Spouse Supplemental = \$50K		Spouse Supplemental = \$50K
Employee Supplemental = \$250K		Employee Supplemental = \$250K

- **\$50K + \$250K = \$300K employee supplemental**
- **\$250K + \$50K = \$300K spouse supplemental**
 - Spouse supplemental cannot exceed 1/2 of employee supplemental
 - \$150K maximum amount allowed for spouse B's total spouse supplemental ($300 \div 2 = 150$)
 - Spouse B can only receive \$100K from spouse A's employee supplemental (100 from spouse A + 50 from spouse B = \$150K)

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Transferring Life Insurance Example

Terminated Spouse A Coverage (Employee)		Spouse B Coverage (Employee)
Spouse Supplemental = \$50K		Spouse Supplemental = \$50K
Employee Supplemental = \$750K		Employee Supplemental = \$250K

- **How much is employee supplemental? \$300K**
- **How much is spouse supplemental? \$800K**
- **What is the maximum amount allowed for spouse B's total spouse supplemental? \$150K ($300 \div 2 = 150$)**
- **How much spouse supplemental can spouse B receive from spouse A's employee supplemental? \$100K**
 - $\$125K + \$25K = \$150K$ (1/2 of employee supplemental)

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Transferring Life Insurance

- Does not require carrier approval
- Transfer must occur no later than **31 days** after the date of termination
 - Must be immediate and without lapse in coverage
 - Spouse basic may be added without carrier approval if transferring spouse coverage

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Returning to Work after Premium Waiver Claim

- When employee returns to work:
 - Notify ReliaStar
 - Employee must submit *Life Insurance Enrollment/Change* form no later than 31 days after returning to work
 - Reinstatement waived coverage
 - Effective date is the first of the month following the date the employee is no longer totally disabled
 - If employee returns to work August 1, the effective date is September 1
 - Employee may owe back premiums
 - Remove claim waiver from PAY1



Life Insurance Due Date Reminders

- *Life Insurance Enrollment/Change* form
 - **If new hire:**
 - Due no later than **60 days** after employee's initial date of eligibility
 - **If regaining eligibility:**
 - Due no later than **31 days** after the date employee regains eligibility
 - **If electing spouse supplemental due to SOE:**
 - Due no later than **60 days** after the date of the marriage/partnership
 - If form is not submitted timely, employee will be defaulted to basic life only





Long-Term Disability (LTD)

Calculating LTD Premium

- See *2016 Life LTD Rates*
- Example:
 - Employee wants to purchase optional coverage:
 - 90-day waiting period
 - Earns \$5,000/month
 - Participates in PERS retirement plan
 - Calculation: $\$5,000 \times 0.51\% (0.0051) = \$25.50/\text{mo.}$



Approved Leave & LTD Insurance

- While on approved leave:
 - Only employees on educational or active military duty can self-pay their optional LTD coverage
- Upon returning from approved leave:
 - An *LTD Enrollment/Change* form and *Evidence of Insurability* form is only required when:
 - An employee returns from educational or active military duty leave and **did not** self-pay their optional LTD coverage
 - Employer will re-instate prior waiting period (without carrier approval) for all other employees



Submitting an LTD Claim

- Employee contacts employer
- Employer sends packet to employee
 - *Employee Statement* (includes *Physician's Statement*)
 - LTD Booklet
 - Envelopes for mailing forms
- Employer sends *Employer Statement* to Standard
- Employee sends *Employee Statement* to Standard
 - Physician can send statement directly to Standard or return to employee
- Standard sends claim letter to employer and employee
- Employer keys claim letter determination in PAY1
 - When employee is off on claim, they don't pay their optional LTD premium (waived)



LTD Premium Waiver

- If disabled, an employee's payment of premium is waived while:
 - LTD benefits are payable; and
 - The employee is completing the Benefit Waiting Period, provided the employee is not in pay status.





Returning to Work after LTD Claim

- When employee returns to work full-time, regular duty:
 - Notify Standard
 - Reinstate optional coverage
 - If coverage is not re-instated, premiums will not be deducted
 - Effective date is the first of the month following the date employee returned to work full-time, regular duty
 - If employee returns to work August 1, the effective date is September 1
 - Employee may owe back premiums
 - Remove claim waiver from PAY1



LTD Due Date Reminders

- *LTD Insurance Enrollment/Change form*
 - **If new hire:**
 - » Due no later than **31 days** after employee's initial date of eligibility
 - **If regaining eligibility:**
 - » A form does not need to be returned in the following circumstances:
 - Employee continued to self-pay after losing eligibility (educational and military leave only)
 - Employee was not eligible to continue after losing eligibility



