Chapter 3

Life Insurance

Employer Groups

Life Insurance

Life Insurance Overview

There are five parts to the life insurance coverage, allowing the employee to customize their coverage. Each part has rules that affect the amount of coverage an employee may request, which coverage requires carrier approval and the effective date of the coverage. Understanding the rules behind the coverage is important when you key coverage.

PEBB life insurance coverage is underwritten by ReliaStar Insurance Company (VOYA).

Life insurance coverage	Premiums	Coverage amount	Guaranteed issue amount
Employee basic life and accidental death and dismemberment (AD&D)	Paid by employer	• $25,000 of basic life • $5,000 of basic AD&D	
Employee supplemental	Paid by employee (premium determined by employee's age and amount requested)	• $10,000 to $750,000 • Purchase coverage in $10,000 increments	• Up to $250,000 if under age 60 • Up to $100,000 if 60 or over
Spouse basic		• $2,500 of basic spouse	
Dependent basic	Paid by employee (premium is $0.60 per month, regardless of number of dependents)	• $2,500 of dependent basic for each child (14 days old to the month the dependent turns 26 and disabled dependents of any age*)	
Spouse supplemental	Paid by employee (premium determined by age of employee and amount requested)	• Must first enroll spouse in spouse basic • Purchase coverage in increments of $5,000 • Not to exceed ½ of employee supplemental amount	• Up to $50,000
Employee supplemental AD&D	Paid by employee	• $25,000 to $250,000 • Purchase coverage in increments of $25,000	
Dependent supplemental AD&D	Paid by employee	• Must first enroll in employee supplemental AD&D	

*Provided the disability occurred before age 26

Keying Newly Eligibly Employees

When keying life insurance coverage for newly eligible employees enrolling **no later than 60 days after** their date of eligibility, remember:

- Key the guaranteed issue coverage first—if employee wishes to enroll in supplemental coverage (see chart on previous page).
- Wait for the coverage to move to the Current column.
- Once guaranteed issue coverage has moved to the Current column, key any additional coverage that requires approval. Remember to enter the total requested amount (guaranteed amount + additional amount).
- Additional coverage will pend for approval.
- Wait for the carriers' decision.
- When you receive the Final Action Notice (FAN) indicating the carrier's decision, key the approval, denial, or closure.

Keying Reminders

- Carrier approval is required for increases above the guaranteed issue amount and for new enrollment in employee supplemental, basic spouse*, and spouse supplemental* requested after the employee's first 60 days of eligibility.
- Key the requested changes. Changes requiring approval will pend.
- Wait for the carriers' decision.
- When you receive the Final Action Notice (FAN) indicating the carrier's decision, key the approval, denial, or closure.

Carrier approval is not required for spouse supplemental (not to exceed ½ of employee supplemental), if the employee is enrolling a new spouse no later than 60 days after the date of marriage or registration of a state-registered domestic partnership.

Evidence of Insurability

- The agency completes section A, section C—column B, and signs and dates the confirmation at the bottom of section C of the *Evidence of Insurability* form prior to the employee completing the health questions.
- Remind the employee to send the *Evidence of Insurability* form to ReliaStar.
- Place the *Life Insurance Enrollment/Change* form in the employee's file.

Change Life Insurance Coverage

1. Log into the PAY1 system.

2. Access the subscriber's record.

3. On the command line, enter A.45 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.45 screen displays in Update mode.

4. Tab to the Coverages column. This column includes employee basic, employee supplemental, dependent (child) basic, spouse basic, spouse supplemental, supplemental AD&D, and AD&D with dependents.

   Note: Employee basic does not allow any changes; this is employer-paid coverage. Dependent (child) and spouse basic may not have values increased or decreased. The only change that may be made to dependent and spouse basic is participation in or removal from coverage.

5. Tab to the Coverage field. Do not re-enter the "Y" for an enrollment code. The subscriber is already enrolled. Enter the new amount of coverage. (E.g., if the subscriber currently has $50,000 in employee supplemental insurance and would like to increase amount to $100,000, enter 100.)

6. Enter the effective date. The effective date is the first of the month following the signature date on the enrollment form.

7. Repeat steps for each type of coverage to be changed.

8. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type Field. Select F10 to update. Verify changes are accepted.

Decreases: If the effective date of a decrease is in the current processing month, the decrease will display in the pending column. The decrease will move to the current column and the employee premium will be recalculated when the following month's invoicing occurs.

Increases: An increase will pend approval from ReliaStar. An *Evidence of Insurability* form must be submitted to the carrier if subscriber wishes to increase insurance coverage.

Life Insurance Final Action Notice (FAN)

A Final Action Notice (FAN) will be issued by ReliaStar when:

- An employee requests more than the guaranteed issue amount during the initial eligibility period.

- An employee elects to increase or apply for life insurance coverage (for self and/or spouse), after the initial eligibility period.

The employee must submit an *Evidence of Insurability* form to ReliaStar in both situations above. When ReliaStar makes a decision, a FAN will be issued to your agency and the employee. The FAN indicates if the coverage is approved, denied, or the request is closed. A request may be closed if ReliaStar does not receive all requested information from the employee in a timely manner. ReliaStar may re-open a closed request when the information is received.

The effective date for approved coverage is the first of the month following the approval date on the FAN. (E.g., if ReliaStar approves the coverage on February 1, the effective date is March 1.)

Special Situations

Special situations may arise with requesting more than the guaranteed issue amount or electing coverage after the initial eligibility period, such as:

1. **The employee was declined additional coverage; however, the spouse was approved.**

   Look at the total amount of coverage the spouse will have with the approved amount. Does that total exceed one-half of the employee supplemental coverage amount? If the answer is yes, calculate the amount of the spouse supplemental coverage up to one-half of the employee supplemental amount. If the spouse supplemental is currently one-half of the employee's current employee supplemental amount, do not increase the spouse's supplemental coverage.

   Note: The PAY1 system will display an error if the amount entered into spouse supplemental is more than one-half of the current employee supplemental.

   Example: The employee currently has a total of $90K in employee supplemental. The spouse has $25K in spouse supplemental. They have requested an additional $100K for the employee and $50K for the spouse, which if approved, would be a total of $190K for the employee and $75K for the spouse. The employee is declined, but the spouse is approved. In this situation, the maximum allowable amount for the spouse is $45K (employee supplemental is $90K). Key the denial for the employee and approval for the spouse, and increase the spouse's coverage to $45K.

2. **The amount pending in PAY1 is different than the approved amount.**

   Review the *Life Insurance Enrollment/Change* form to determine which amount is correct. If the correct amount was pended in the system, call ReliaStar and request a corrected FAN. Make sure when corresponding with ReliaStar you refer to the reference number at the top of the FAN to identify the employee. If the amount pended in the system is incorrect, correct the pending amount when you key the approval.

3. **Guaranteed issue was not keyed prior to receiving the FAN.**

   If the guaranteed amounts of $250,000 for employees under the age of 60 or $100,000 for employees age 60 or older in employee supplemental and $50,000 for spouse supplemental were not keyed prior to receiving the FAN, the guaranteed amounts must be keyed first. Key the guaranteed issue. Wait one day, and then key the FAN approval. **These cannot be keyed on the same day.**

4. **Request for employee or spouse coverage was denied. The coverage did not require approval.**

   The FAN indicates the request was denied, but the employee applied within 60 days of their date of eligibility (or 60 days after the date of marriage/partnership) and did not request more than the guaranteed amounts. Contact ReliaStar and explain the situation. Request the denial be removed from their records.

Keying FAN into PAY1

Prior to keying the information into PAY1, verify that all information on the FAN (including agency number) is correct and the *Life Insurance Enrollment/Change* form was completed correctly.

1. Look up the employee in PAY1. **Hint:** *The FAN includes only the last 4 digits of the social security number. Use the Name—SSA Cross Reference Search to find the employee in PAY1.*
2. On the command line, enter A.41 in the Next Function field. Enter "I" in the Type field. Select Enter.
3. Verify the requested coverage required approval.
   a. Look at the Agency Effective End Date. Is the date no later than 60 days after of the employee's initial date of eligibility?
      i. If the answer is **Yes**, did the employee request more than the guaranteed issue amounts in employee supplemental or spouse supplemental?

1. If the answer is **Yes**, approval is required.

2. If the answer is **No**, approval is not required. If the request was denied, contact ReliaStar, explain the situation, and request the denial be removed from their records.

ii. If the answer is **No**, approval is required.

b. Look at the Marriage Date. Is the date no later than 60 days after the date of marriage or registration of a domestic partnership?

i. If the answer is **Yes**, did the employee request more than the guaranteed issue amount in spouse supplemental coverage or request a change to their coverage?

1. If the answer is **Yes**, approval is required.

2. If the answer is **No**, approval is not required. If the request was denied, contact ReliaStar, explain situation, and request the denial be removed from their records.

ii. If the answer is **No**, approval is required.

4. On the command line, enter A.45 in the Next Function field. Enter "I" for Inquiry in the Type field. Select Enter. The A.45 screen opens in Inquiry mode.

5. Verify the coverage amounts listed on the FAN match the amounts keyed into the system. The FAN shows the amount that required approval only. The A.45 screen should show the guaranteed issue or previous amount in the Current column and the total requested amount in the Desired column. To verify the total amount, add the amount in the current coverage to the amount on the FAN. The total should equal the amount pending in the Desired column.

Note: If the coverage amounts do not match, review your copy of the employees' Life Insurance Enrollment/Change *form to verify requested amounts.*

If the amounts pended in PAY1 are incorrect, correct the amounts in the desired column when you enter the approval or denial. If the amounts on the FAN are incorrect, contact ReliaStar and request an updated FAN. Based on the decision, continue with the steps below for keying the approval, denial, or closure.

FAN Approval

1. When all information on the FAN has been verified and is correct (see above for how to verify the information), and the employee and/or spouse have been approved for the requested amount: On the command line, enter A.45 in the

Next Function field. Enter "U" in the Type field. Select Enter.

2. Tab to the Effective Date field under the Desired column. Enter the effective date. The effective date is the first of the month following the approval date on the FAN. *(E.g., if ReliaStar approved the coverage on February 1, the effective date is March 1.)*

3. Tab to the Indicator field under Pend/Approval. Change the "P" to an "A" for approved.

4. Repeat steps for all approved coverage.

5. On the Command Line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10 to update. *Note: Depending on where your agency is in the invoicing cycle, the coverage may move to the Current column or may remain in the Pend/Approval column until your next invoicing cycle. Set a reminder to check the record after the invoicing cycle completes to verify the coverage has moved to the Current column. If the coverage has not moved after the invoicing cycle, contact HCA through FUZE.*

6. Depending on the Effective Date, the employee may owe back premiums. Contact HCA Accounting through FUZE indicating back premiums to be collected. Notify the employee of any back premiums due.

7. Make a notation on the FAN that includes the date the decision was keyed, who keyed the decision, the effective date of the coverage, and any other pertinent information. Place the FAN in the employee's file.

FAN Denial or Closure

1. On the command line, enter A.45 in the Next Function field. Enter "U" in the Type field. Select Enter.

2. Tab to the Indicator field under Pend/Approval. Change the "P" to a "D" for denied or "C" for closed. *Note: You do not need to change the Effective Date when a request has been denied or closed.*

3. Repeat steps for all denied coverage or closed requests.

4. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify changes are accepted.

5. Make a notation on the FAN that includes the date the decision was keyed, who keyed the decision, and any other pertinent information.

Sample: FAN Letter

Final Action Notice (FAN) Sample

VOYA
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EMPLOYEE BENEFITS
Medical Underwriting
Final Action Notice

Current Date: 09/01/2014   Reference Number: ████

Plan Name: Washington State Health Care Authority
Plan Number: ████
Agency 107
SSN: ████
John Doe

We have received for processing the Evidence Form and taken action as indicated below. Thank you for applying for insurance coverage with our company. We appreciate the opportunity to participate in your insurance needs.

FINAL ACTION:

John Doe - E

Part D*

            Underwrite $3____   Approve   09/01/2014

Jane Doe - S

Part B Supplemental*

            Underwrite __72,000   Approve   09/01/2014

Sample

ALL LIFE INSURANCE COVERAGE IS SUBJECT TO YOUR EMPLOYER'S BENEFIT PLAN LIMITS. The amount of coverage we may approve and the amount of coverage your employer determines you are eligible for may not be the same. If your life insurance coverage is limited by your employer's benefit plan, the death benefit under your policy (including any refund of premiums) will be adjusted at the time of claim payment. Please contact your employer for specific details regarding your employer's benefit plan limits.

PLEASE NOTE THAT APPROVED LIFE INSURANCE COVERAGE MAY NOT BE EFFECTIVE IMMEDIATELY. The effective date of your coverage is determined by your employer's benefit plan and the group contract. The Company will have no liability for any claim on account of death occurring prior to the effective date of coverage. Please contact your employer for specific details regarding your coverage effective date.

An appeal regarding this underwriting determination must be in writing and be made within 90 days of the date you receive this communication. In order to give your appeal proper consideration, it should include: your name, your reference number, the specific reasons for your appeal and any additional medical evidence or documentation to support your appeal. Our written response will be sent to you within 21 days after receipt of your written appeal.

Questions regarding the underwriting process can be submitted to us in writing at P. O. Box 20, Route 7812, Minneapolis, MN 55440-0978 or call us at the number listed below. When writing or calling, be sure to give us the Reference Number indicated in the upper right section of this notice.

Administrative Office, Mail Stop 4-3   FAX 612-342-3813   ReliaStar Life Insurance Company* and
20 Washington Avenue South   Phone: 800-537-5024 Option 4   ReliaStar Life Insurance Company of New York**
Minneapolis, MN 55401   are members of the Voya™ family of companies.

Page 1 of 1

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(v. 12/31/2014)   52

Premium Waiver

Employees who become totally disabled, are under the age of 60, and have been disabled for at least six months, may apply for a premium waiver. A premium waiver allows the subscriber's life insurance to be continued without payment of premium while the insured is totally disabled. A waiver may be requested for each part of life

insurance the employee is currently enrolled in, except supplemental AD&D.

ReliaStar will issue a letter indicating whether the premium waiver is approved, denied, or closed. A request may be closed if ReliaStar does not have the requested information in a timely manner.

The effective date for approved waivers is the first of the month following the date of the approval. (*E.g., if ReliaStar approved a waiver on February 1, the effective date would be March 1.)* Any letters from ReliaStar received by employees who are in self-pay status (LWOP, retired, etc.) should be forwarded to HCA for processing.

Keying Waiver Request into PAY1

1. Log into the PAY1 system.
2. Access the subscriber's record. ***Note:*** *If the employee is no longer enrolled (the Enrollment column under Current contains all "N's" for not enrolled), ReliaStar's decision cannot be keyed. Payroll representatives are required to make complete notes of all approved, denied, and closed coverage under the waiver. Include the effective date of the waiver, any coverage the employee had for dependent spouse and child, and AD&D coverage.*
3. On the command line, enter A.45 in the Next function field. Enter "U" in the Type field. Select Enter. The A.45 screen displays in Update mode.
4. Tab to the Enrollment field under the Desired column, next to the insurance to be waived. This includes employee basic, employee supplemental, dependent (child) and spouse basic. ***Note:*** *Supplemental AD&D cannot be waived.*
5. Enter a "W" for waived.
6. Enter the effective date. This should be the first day of the month following the employee's last day on the job.
7. Repeat steps for each request of waiver.
8. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10. Verify the changes are accepted. The request for waiver will pend approval from ReliaStar.
9. Submit a completed *Waiver of Premium Disability Claim* form, and copies of the employee's life insurance enrollment, change, non-smoker certification, and beneficiary forms to ReliaStar.

   If the employee is still in pay status, continue to deduct premiums. When you receive a premium waiver letter from ReliaStar, complete the approval, denial, or closure. You are responsible for filing a life waiver claim at the employee's request, even if the employee has been termed in the system.

Enter Waiver Decision into PAY1

1. Upon receipt of the letter, look up the employee in PAY1. **Hint:** *The letter only includes the employee's name. Use the Name—SSA Cross Reference Search to find the employee in PAY1.*

2. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select Enter. The A.45 screen displays in Inquiry mode.

3. Verify the Agency Number.

4. Verify the coverage amounts listed in the letter match the amounts keyed into the system. **Note:** *If the coverage amounts are not correct, contact ReliaStar. The coverage amounts may be different if the pending coverage was keyed incorrectly in the system or the employee applied for additional coverage that has been approved, but not yet keyed into the system.*

5. Based on the decision, continue with the steps below for keying the approval, denial, or closure.

Waiver Approval

1. On the command line, enter A.45 in the Next function field. Enter "U" in the Type field. Select Enter. The A.45 screen displays in Update mode.

2. If the request to waive was not entered already, tab to the Enrollment field under the Desired column, next to the insurance to be waived. This includes employee basic, employee supplemental, dependent (child) and spouse basic, and spouse supplemental. Enter a "W" to waive. **Note:** *Supplemental AD&D cannot be waived*.

3. Enter the Effective Date under the Desired column. The effective date is the first of the month following the approval date on the premium waiver letter. *(E.g., if ReliaStar approved the waiver on February 1, the effective date is March 1.)*

4. Tab to the Indicator column in the Pend/Approval column. Enter "A" to approve.

5. Repeat steps for each part that has been approved for waiver.

6. Tab to the Enrollment field under the Desired column, next to supplemental AD&D. Enter an "N" (not enrolled). **Note:** *The premium for AD&D may not be waived.*

7. Enter the Effective Date under the Desired column. The effective date is the last day of the month prior to the approval date on the premium waiver letter.

8. Repeat steps 6 and 7 for AD&D with dependent, if applicable.

9. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10. Verify the changes are accepted.

Note: Depending on where your agency is in the invoicing cycle, the coverage may move to the Current column or may remain in the Pend/Approval column until your next invoicing cycle. Set a reminder to check the record after the invoicing cycle completes to verify the waiver has moved to the Current column.

Depending on the approval date, the employee may be eligible for a refund. Send an email to HCA Accounting through FUZE indicating the refund amount. Notify the employee of the refund amount.

10. Make a notation on the letter that includes the date the decision was keyed, who keyed the decision, the effective date of the coverage, and any other pertinent information. Place the premium waiver letter in the employee's file.

Waiver Denial or Closure

It is not necessary to key a denial or closure if the initial premium waiver request is not pending.

1. To key the denial or closure for a pending waiver request: On the command line, enter A.45 in the Next function field. Enter "U" in the Type field. Select Enter. The A.45 screen displays in Update mode.
2. Tab to the Indicator column in the Pend/Approval column. Enter a "D" for denied or a "C" for closed.
3. Repeat for each part for which a request for waiver was made.
4. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify the changes are accepted.
5. Make a notation on the letter that includes the date the decision was keyed, who keyed the decision, and any other pertinent information. Place the premium waiver letter in the employee's file.

Sample: Life Premium Waiver Letter

VOYA. FINANCIAL

ReliaStar Life Insurance Company
Home Office: Minneapolis, MN
Administration Office: Minneapolis, MN
A member of the Voya® family of companies
March 3, 2015

Re: ████████████

Policyholder- Washington State Health Care Authority
Insurer- ReliaStar Life Insurance Company
Waiver of Life Insurance Premium Disability Benefit

Dear M:

This claim for the Waiver of Life Insurance Premium Disability Benefit has been approved for $25,000.00 Basic Life Insurance and $,000.00 Supplemental Life coverage effective >. Any Life Insurance premium adjustments or refunds should be made at the next billing.
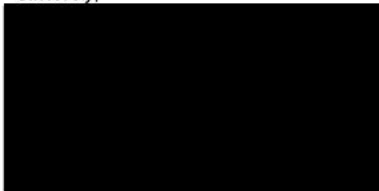
Under the terms of this group policy, the Insured's Basic Life Insurance amount of $25,000.00 will reduce to $3,500.00 at age 65. It will further reduce at age 70. The remaining amount will be lifetime coverage. Conversion will be offered on the amount lost due to reduction. The Supplemental Life Insurance does not reduce for age until life benefit change.

This coverage will remain in effect according to all policy provisions, during this period of continuous and total disability. We appreciate being notified as soon as possible if the insured returns to work.

Waiver of Life Insurance Premium Disability Benefit also applies to dependent coverage in effect at the time of disability. We show Basic child and Spouse Coverage of $2,500.00 each and Supplemental Spouse Coverage of $25,000.00. The dependent coverage will continue according to the age limits for children and spouse coverage continues during the life of the insured person.

We are glad to be of service at this time. Please let us know if there are questions regarding this claim. A copy of this letter and the Voya Privacy Promise is being sent to the Insured.

Sincerely,

████████████

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Health Care Authority

PEBB Outreach and Training

Revised: 5/10/2016

PAY 1 System Manual—Employer Groups
Life Insurance

Chapter 3: Page 14

Reinstate of Life Insurance after Waiver

The employer or employee must notify ReliaStar when the employee returns to work. ReliaStar will close the claim and notify the employee that the claim is closed. The employee must submit a *Life Insurance Enrollment/Change* form to the employer no later than 31 days after the employee returns to work.

When the employee returns to work, the employer should:

1. Log into the PAY1 system.
2. Access the employee's record. Verify all waived coverage was approved. Verify if the employee had AD&D coverage prior to the premium waiver.
3. On the command line, enter A.45 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.45 screen displays in Update mode.
4. Tab to the Enrollment field under the Desired column, next to the coverage to be reinstated. Enter a "Y."
5. Tab through the Coverage field. Do not enter the amount of coverage.
6. Enter the Effective Date field under the Desired column. The effective date is the first of the month following the employee's return to work. *(E.g., if the employee returns to work on February 1, the effective date is March 1.)*
7. Repeat steps for all waived coverage to be reinstated. Do not enter amounts for any of the optional coverage.
8. If the employee had AD&D coverage prior to the premium waiver, tab to the Enrollment field under the Desired column. Type a "Y" next to supplemental AD&D.
9. Enter the Effective date under the Desired column. The effective date is the first of the month following the employee's return to work. *(E.g., if the employee returns to work on February 1, the effective date is March 1.)*
10. Repeat steps 7 and 8 if the employee also had AD&D with dependent coverage prior to the premium waiver.
11. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10. Verify changes are accepted. ***Note:*** *Depending on where your agency is in the invoicing cycle, the coverage may move to the Current column or may remain in the Pend/Approval column until your next invoicing cycle. Set a reminder to check the record after the invoicing cycle completes to verify the coverage has moved to the Current column. If the coverage has not moved after the invoicing cycle, contact HCA Accounting through* [FUZE](#).

12. Depending on the Effective Date, the employee may owe back premiums. Contact HCA Accounting through FUZE to resolve reinstatement. Notify the employee of any back premiums due.

Accelerated Benefit Claim

The accelerated benefit may be payable if a subscriber has a terminal condition and a life expectancy of no more than two years. The accelerated life benefit is equal to 50% of the amount of basic and supplemental, or $100,000, whichever is less. This benefit is available to an eligible employee or spouse. Each insured individual must have at least $10,000 in life insurance coverage to qualify for this benefit.

Note: An insured individual will not be able to increase supplemental coverage after applying for the accelerated life benefit. The employee is still eligible for life benefits within 31 days after termination or 60 days of retirement.

Enter Accelerated Benefit Claim into PAY1

1. Upon receipt of the letter from ReliaStar, look up the employee in PAY1. ***Hint: The letter only includes the employee's name. Use the Name—SSA Cross Reference Search to find the employee in PAY1.***
2. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select Enter. The A.45 screen displays in Inquiry mode.
3. Verify the Agency Number.
4. Verify the coverage amounts listed in the letter are one-half of the amounts of basic and supplemental life listed in PAY1, up to a maximum of $100,000.

Accelerated Life Benefit Approval

1. On the command line, enter A.45 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.45 screen opens in Update mode.
2. Tab to the Coverage field under the Desired column, next to the insurance approved for accelerated life benefit. This includes employee basic, employee supplemental, spouse basic, and spouse supplemental. *Note: AD&D is not included in the accelerated life benefit.*
3. Change the coverage amount as indicated in the letter.
4. Enter the Effective Date under the Desired column. The effective date is the first of the month following the date on the approval letter.
5. Tab to the Indicator field in the Pend/Approval column. Enter "A" for approved.
6. Repeat steps for each coverage affected by the accelerated benefit claim.
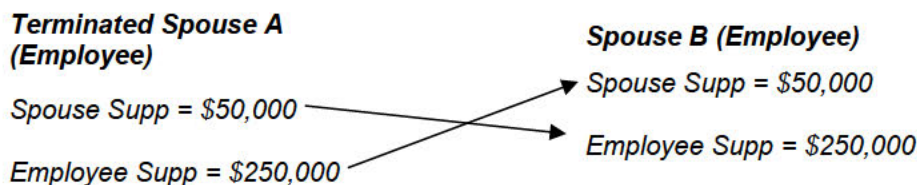
7. Tab to the Accelerated Life field. Enter a "Y."

8. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10. Verify the changes have been accepted. *Note: If the effective date is in the current process month, the changes will move to the Current column. If the effective date is a future date, the coverage will pend until the invoicing cycle has completed. Set a reminder to verify the coverage has moved to the Current column.*

9. Make a notation on the letter that includes the date the decision was keyed, who keyed the decision, and any other pertinent information. Place the accelerated benefit letter in the employee's file. *Note: If the employee dies while on an approved accelerated life claim, the agency is responsible for filing a death claim with the insurance company for the remaining life benefits.*

Transfer Life Insurance

When both spouses or domestic partners are covered PEBB employees and one employee terminates coverage, any in-force employee supplemental coverage can be transferred to the spouse's/partner's spouse supplemental coverage. Likewise, any in-force spouse supplemental coverage can be transferred to the other's employee supplemental coverage.

- Spouse A's spouse supplemental can be transferred to Spouse B's employee supplemental, up to $750,000 (maximum allowed for employee supplemental).

- Spouse A's employee supplemental can be transferred to Spouse B's spouse supplemental, not to exceed ½ of the total employee supplemental.

Calculating Life Insurance Transfer

Terminated Spouse A (Employee)

Spouse Supp = $50,000

Employee Supp = $250,000

Spouse B (Employee)

Spouse Supp = $50,000

Employee Supp = $250,000

- $50K + $250K = $300K employee supplemental
- $250K + $50K = $300K spouse supplemental
    - Spouse supplemental cannot exceed ½ of employee supplemental
    - $150K maximum allowed for Spouse B's total spouse supplemental ($300K ÷ 2 = $150K)

Health Care Authority

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PAY 1 System Manual—Employer Groups
Life Insurance

PEBB Outreach and Training

Chapter 3: Page 17

- Spouse B can only receive $100K from Spouse A's employee supplemental ($100K from Spouse A + $50K from Spouse B = $150K)
  - New amount for Spouse B after transfer:
    - $300K employee supplemental
    - $150K spouse supplemental

Only the amount of terminated life coverage can be transferred no later than **31 days** after the date of termination. Any transfer of coverage must be immediate and without lapse in coverage. Spouse basic can be added without approval if spouse coverage is being transferred.

If the terminated employee cannot transfer all of the coverage to their spouse/partner's account due to plan maximums, the terminated employee and their dependents may keep the remaining basic and/or supplemental coverage by applying for the Portability Choice Life coverage or by converting the life insurance no later than 31 days after termination. *(If the termination is due to retirement, the employee may also be eligible for Retiree Life Insurance.)* The employee's application for Portability Choice is subject to carrier approval. See the Life Insurance Administration Manual for more information.

Life Insurance Transfer Process

1. Before or after termination, notify the employee of the opportunity to transfer their life insurance (if applicable) within 31 days of their termination date. Gather the employee's spouse's/partner's name, social security number, and agency/sub agency number.
2. Send a FUZE to PEBB Outreach and Training to confirm the spouse's basic and supplemental coverage. In your request, include the name, social security number, and agency/sub agency number for the spouse.
3. Look up the employee in PAY1. Note the amount of coverage in each part.
4. Calculate the amount of coverage that may be transferred.
5. On the command line, enter A.45 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.45 screen displays in Update mode.
6. Tab to the Spouse Supplemental Coverage field under the Desired column. Enter the total new amount (current amount plus transfer amount).
7. Enter the Effective Date under the Desired column. The date is the first of the month following the termination date of the spouse.
8. In the Indicator field under the Pend/Approval column, enter "A" for approved.
9. Repeat steps 5 through 7 for employee supplemental.

10. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify the changes are accepted. ***Note:*** *If you receive an error message, send a request to HCA through* [FUZE](#).

Current changes and changes retroactive to the lower limit date will be updated immediately. Future date changes will move to the Pend/Approval column until the future date equals the current process period. Set a reminder to check the record after the invoicing cycle completes to verify coverage has moved to the Current column. If the coverage has not moved after the invoicing cycle, contact HCA through [FUZE](#).

Depending on the effective date, the employee may owe back premiums. Send an email to HCA Accounting through [FUZE](#) indicating back premiums are collected. Notify the employee of any back premiums due.

Change Smoker Status

Smoker status may be changed by the employee by submitting an *Amendment to Original Application* or a *Life Insurance Enrollment/Change* form, if the employee is making other changes to coverage.

To qualify, the employee must certify that they and their spouse or registered domestic partner (if spouse/partner is enrolled in supplemental life) have not used tobacco products within the last two months. Employees or spouses/registered domestic partners enrolled in a smoking cessation program through their healthcare provider do not qualify for the change in smoker status for life insurance.

1. Look up the employee in PAY1.
2. On the command line, enter A.45 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.45 screen displays in Update mode.
3. Tab to the Smoker Indicator field. Change the "Y" to an "N."
4. Change the Smoker Effective Date to the first of the month following the signature date on the form. ***Note:*** *The effective date can be keyed up to one process month into the future. The date field does not allow a date prior to the newest optional coverage date. If the date on the form pre-dates the Effective Date in the Current column, key that effective date. (E.g., if the* Non-Smoking Certification *form is dated December 15, the most current effective date of coverage in the system is January 1. Use the January 1 date as the effective date for the non-smoking certification date.)*
5. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify the changes are accepted.

6. Depending on the effective date, the employee may be eligible for a refund. Send an email to HCA Accounting through FUZE indicating the refund amount. Notify the employee of the refund amount.

Voluntary Termination of Life Insurance

1. Log into the PAY1 system.
2. Access the subscriber's record.
3. On the command line, enter A.45 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.45 screen displays in Update mode.
4. Tab to the Enrollment field under the Desired column, next to the type of coverage to be terminated. This includes employee supplemental, dependent and spouse basic, spouse supplemental, AD&D, and AD&D with dependent coverage.
5. Enter an "N" in the Enrollment field.
6. Tab to the Effective Date field under the Desired column. Enter the effective date of termination. This will always be the last day of the month following signature date on the form.
7. Repeat steps for each type of insurance to be terminated.
8. On the command line, enter A.45 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify the changes are accepted.

Note: If the effective date of termination is in the current processing month, the termination will display in the pending column. The termination will move to the Current column and the employee premium will be recalculated when the following month's invoicing occurs.