



Health Plan Enrollment – Rules and Strategies

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Agenda

- Enrollment Periods
- Election Methods
- Plan Design Changes
- Notices to Plan Participants

Enrollment Periods



Initial Enrollment Period

Newly eligible employees enroll in coverage



Open Enrollment Period

Eligible employees may enroll in coverage for the upcoming plan year



Mid-year Enrollment Periods

Employees enroll for coverage during the plan year (often triggered by major life events, such as marriage or having a baby)

Initial Enrollment Period (IEP)

The period of time when newly eligible employees can enroll in the health plan

Enrollment Opportunities

- If employees do not enroll during the IEP, they usually must wait until the next open enrollment period
- Unless they experience a mid-year enrollment event (i.e. qualifying event)

Timing

- Timing of the IEP is flexible but generally 30 days
- Subject to legal restrictions & terms of insurance policy(s) or collective bargaining agreements

IEP & ACA Rules

Waiting Period Limits

- Affordable Care Act (ACA) imposes a 90-day limit on waiting periods
- Cannot require eligible employees to wait until open enrollment to enroll

Applicable Large Employers (ALEs)

- To avoid penalties, generally must offer coverage to full-time employees (30+ hours/week) after the first two calendar months of employment
- Under look-back measurement method, much offer coverage to new variable hour & seasonal employees*

**Determined to be full-time for stability period following initial measurement period*

IEP & Section 125 Rules

Section 125 Rules

- Many employees pay premiums on a pre-tax basis through a Section 125 plan (cafeteria plan)
- Section 125 elections generally must be prospective only
 - *Limited Exception – Elections that new employees make within 30 days of hire date can be retroactive*



Initial Enrollment Notices

Notices for New Participants

Exchange Notice

- Must provide all new hires with a written notice about the Exchanges

Summary Plan Description (SPD)

- Must be provided within 90 days of when group health coverage begins

Summary of Benefits & Coverage (SBC)

- Must be provided with enrollment materials (issuer typically provides for fully insured plans)

Grandfathered Plan Notice

- Must be included in enrollment materials & only applies to grandfathered health plans

Initial Enrollment Notices

COBRA General Notice

Provides information to plan participants regarding COBRA and plan procedures

Must be provided within 90 days after plan coverage begins

May be included in the plan's SPD



Initial Enrollment Notices

Medicare Part D Notice



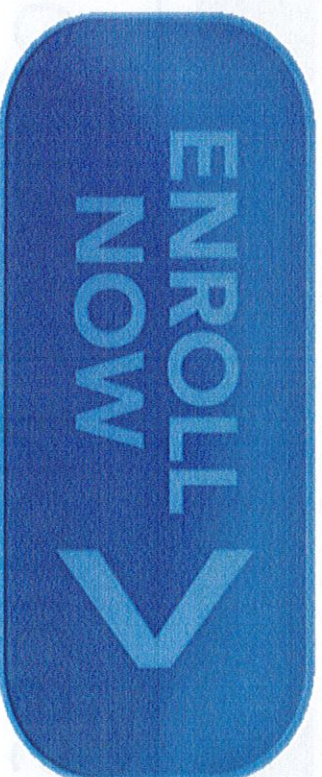
Employers with group health plans that provide prescription drug coverage must notify Medicare Part D eligible individuals whether their coverage is creditable or not creditable

Notice must be provided prior to the effective date of coverage (and before October 15 each year

Open Enrollment Period

Time period each year when an eligible employee may:

- Enroll for coverage, even if coverage was previously declined
- Change coverage elections
 - *If employer offers more than one benefit package option*
- Change enrollment for dependents
 - *Add or drop coverage for eligible dependents*



Open Enrollment Period

Is an open enrollment period required?

ACA	Section 125	Other
To avoid penalties, ALEs must provide full-time employees with an annual opportunity to accept or decline coverage	If employees can pay premiums on a pre-tax basis, Section 125 rules generally require that they have a period of time to make their elections each year	Open enrollment periods may be required by health insurance contracts or collective bargaining agreements
If health plan does not meet affordability or minimum value standards, employees must be able to decline coverage once per year		

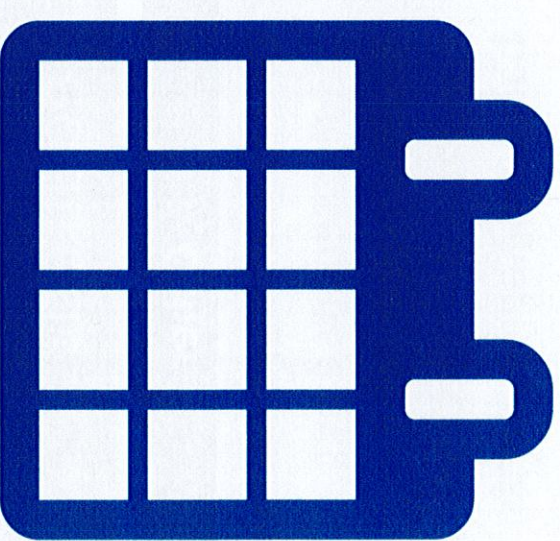
Open Enrollment Period

Timing Rules

Takes place prior to beginning of plan year for which elections are made

Elections for pre-tax benefits must be effective on a prospective basis

Ends in advance for upcoming plan year to provide time for confirming elections, administering enrollment, and preliminary nondiscrimination testing



Mid-Year Enrollment

Mid-Year Enrollment Periods

Special Enrollment Periods

- Employers must allow employees to enroll during a plan year if they experience a HIPAA qualifying event

Other Enrollment Periods

- Other mid-year enrollment opportunities may be permitted, depending on plan design:
- For fully-insured plans, check with carrier
- Section 125 rules allow for changes for certain events

Mid-Year Enrollment

HIPAA Special Enrollment

Event	Length of Enrollment Period	Coverage Effective Date
Employee or dependent loses eligibility for other health coverage	At least 30 days	No later than the first day of the calendar month beginning after the plan receives the request
Employee acquires new dependent through marriage, birth, adoption or other court order		However, when a new dependent is acquired through birth/adoption, coverage must be retroactively effective to the date of birth/adoption

Mid-Year Enrollment

HIPAA Special Enrollment

Event	Length of Enrollment Period	Coverage Effective Date
Employee or dependent is covered by a Medicaid plan or state CHIP and coverage is terminated due to loss of eligibility	At least 60 days	No specific guidance on this issue, although may be reasonable to begin no later than the first day of the calendar month beginning after the plan receives the special enrollment request
Employee or dependent becomes eligible for premium assistance through Medicaid or CHIP		

Mid-Year Enrollment

Mid-Year Enrollment

General Section 125 Rule: Participants' elections are irrevocable during the plan year

Subject to certain limited exceptions

IRS recognizes certain events permitting mid-year election changes Plan design changes – not required to allow participants to change elections

Most employers design their Section 125 plans to allow mid-year election change events permitted by IRS



Mid-Year Enrollment

IRS Recognized Mid-Year Election Change Events

Change in Status	Change in Cost or Coverage	Other Laws or Court Orders
Major life events such as marriage, birth, adoption, employment changes	Changes to qualified benefits under cafeteria plan	Coordinate cafeteria plan rules with other laws such as FMLA, COBRA & HIPAA

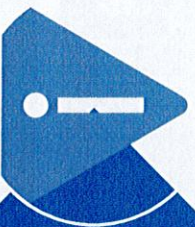


Election Methods

Employers have three main options for how employees will make their elections at enrollment time



Affirmative elections



Default or automatic elections



Rolling or evergreen elections

Election Methods

Affirmative Elections

- Employees complete a written or electronic agreement to participate in the plan
- Works well with all types of welfare plans
- Most common & straightforward method

Default Elections (Automatic)

- Employees are automatically enrolled in coverage, unless employee completes a waiver
- Must explain how process works to employees & confirm compliance with federal withholding laws
- Often used with rolling elections or re-enrollment

Election Methods

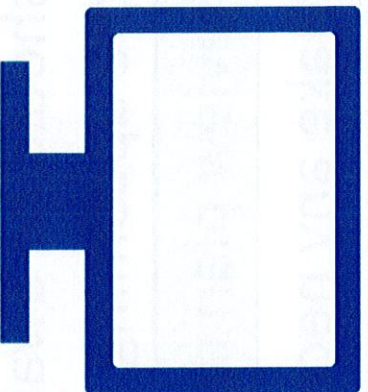
Rolling Elections (Evergreen)

- Current elections continue to next plan year unless employee makes an election change
- As a best practice, remind employee of current elections at open enrollment
- Does not work well with all benefit types
 - *For example, it does not work with medical or dependent care Flexible Spending Accounts (not allowed)*



Election Methods

Electronic Enrollment Best Practices



- Must notify employees when documents are posted
- Participants have a right to paper copies and special accommodations
- Employees who do not have work-related computer access must consent to electronic delivery (i.e. establish log-on)

Open Enrollment

Plan Design Changes

- Group health plan sponsors should be aware of changes for the upcoming plan year
- Review plan documents
- Make any necessary updates
- Communicate changes to participants with an updated SPD, amendment, or a summary of material modifications (SMM)



Open Enrollment

Grandfathered Status

<p>A grandfathered plan is one that was in existence when the ACA was enacted and has not had certain prohibited changes made to it since then</p>	
<ul style="list-style-type: none">• Determine whether plan will maintain GF status for upcoming plan year	<ul style="list-style-type: none">• If plan keeps GF status, include GF plan notice in enrollment materials
	<ul style="list-style-type: none">• If plan does not keep GF status, must comply with additional ACA reforms

Open Enrollment

ACA Affordability Standard

Under the ACA, applicable large employers (ALEs) must offer affordable, minimum value health coverage to full-time employees (30+ hours) and children or risk paying a penalty

ALEs

Employers that had, on average, 50 or more full-time employees, including full-time equivalent employees during the prior calendar year

Affordability Percentage

2018 Plan Years – 9.56 percent
2019 Plan Years – 9.86 percent
2020 Plan Years – New methodology

If you are an ALE, confirm at least one of your health plan options will satisfy the ACA's affordability standard

Open Enrollment

Out-of-Pocket Maximum (OOPM)

Non-Grandfathered plans must comply with an annual limit on cost-sharing for health coverage inclusive of medical and pharmacy expenses *

2019

- \$7,900 for self-only
- \$15,800 for family

2020

- \$8,150 for self-only
- \$16,300 for family

**Cost sharing limits for qualified HDHP plans with HSA have lower limits.*

Open Enrollment

Medical/Health Flexible Spending Account (FSA)

The health FSA
limit increases to
\$X,XXX
for 2020

- ACA imposes dollar limits on employees' pre-tax contributions to the health FSA
 - ✓ \$2,550 for 2015/2016
 - ✓ \$2,600 for 2017
 - ✓ \$2,650 for 2018
 - ✓ \$2,700 for 2019
- Employers can impose their own limits that are lower than the ACA's limit

Communicate the plan's limit on Health FSA contributions as part of the enrollment process. Employees must re-enroll in FSA every enrollment.

Open Enrollment

Qualified HDHP (HSA) Plan Design

Type of Coverage	Minimum Annual Deductible	Annual Out-of-Pocket Maximum
Self-Only	\$1,350 for 2019	\$6,750 for 2019
	\$1,400 for 2020	\$6,900 for 2020
Family	\$2,700 for 2019	\$13,500 for 2019
	\$2,800 for 2020	\$13,800 for 2020

IRS adjusts limits annually for changes in cost-of-living



Open Enrollment

HSA Contribution Limits

Type of Coverage	2019 Limit	2020 Limit
Self-Only	\$3,500	\$3,550
Family	\$7,000	\$7,100

Individuals age 55 or older by the end of the year may contribute an additional \$1,000 catch-up contribution



Open Enrollment

Open Enrollment Notices

Annual CHIP Notice

- Group health plans that cover residents in Florida that provides a premium subsidy to low-income residents to pay for employer-sponsored coverage must provide this notice

WHCRA Notice

- Must provide an annual notice regarding participants' rights to mastectomy-related benefits under the Women's Health and Cancer Rights Act (WHCRA)

Medicare Part D Notice

- Must provide notice of creditable or non-creditable coverage each year before October 15 and report to HHS if your plan is creditable or non-creditable and when you provided the notice

Open Enrollment

Open Enrollment Notices

SBC

- Must be provided with enrollment materials (issuers typically provide for fully insured plans)
- Supplemental SBCs maybe required for employee clinics, wellness plans, and bonus funding

Notice of Patient Protections

- Non-Grandfathered plans that require the designation of a primary care provider must provide notice of patient protections (typically included in the SPD or Certificate of Coverage)

Wellness Program Notice

- If a group health plan includes a wellness program, certain HIPAA, ADA, and GINA notices may be required



Questions & Answers

Thank you for attending
the
2019 Florida Public Human Resources Association
Annual Conference



