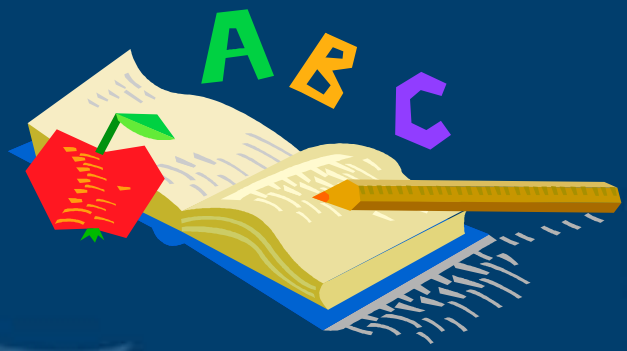

BACK TO BASICS

2005 Spring Insurance Coordinator Training

Administration Manual can be found at:

http://personnel.ky.gov/stemp/dei/05planyear/adminifo.htm

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Today's Agenda

- Who is Eligible?
- Employee Orientation
- Web Enrollment
- Time Frames
- Cross-Reference Payment Option
- County Selection
- Effective Dates
- HIPAA
- Qualifying Events & Supporting Documents
- COBRA
- Types of Leave
- Reminders
- System Generated E-mails
- Flexible Spending Accounts
- 2006 Plan Year

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Who is Eligible?

- Full-Time Employees
- Retirees
- COBRA Qualified Beneficiaries
- Dependents

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Who is Eligible?

- **Full time employees** of the following agencies who contribute to one of the state sponsored retirement systems
  - State Agencies
  - Boards of Education
  - Health Departments
  - Quasi Agencies

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Who is Eligible?

- **Retirees**

  Under age 65 and

  Draw a monthly retirement check from:
  - Judicial Retirement Plan
  - Legislators Retirement Plan
  - KY Community & Technical College Systems (KCTCS)
  - KY Teachers' Retirement System (KTRS)
  - KY Retirement Systems (KRS):
    - County Employee Retirement System (CERS)
    - KY Employee Retirement Systems (KERS)
    - State Police Retirement System (SPRS)

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Who is Eligible?

- **COBRA Qualified Beneficiaries**
  - Terminated Employees
  - Spouse
  - Children

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Who is Eligible?

- **Dependents**
  - Spouse
  - Unmarried legal children under age 24
  - Disabled children over age 24

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Employee Orientation

- New Employees must be given:
  - Health Insurance Handbook and any supplements
  - Health Insurance Application
  - Flexible Spending Account Handbook and Application (if applicable)
  - General Notice of Right to Continuation of Group Health Insurance Coverage (COBRA Notice)
  - Notice of Special Enrollment Rights and Notice about Women's Health and Cancer Rights Act
  - Health Insurance Checklist

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Health Insurance Checklist

HEALTH INSURANCE CHECKLIST

NAME – LAST FIRST MIDDLE INITIAL SOCIAL SECURITY NO.
AGENCY NAME HIRE DATE MO DAY YR WORK PHONE ( ) CO. OF RESIDENC
COMPANY NUMBER

Following is a list of your rights and responsibilities regarding the Public Employee Health Insurance Program. Read this form carefully and make sure you understand each item. You may direct your questions to the Insurance Coordinator or the Department for Employee Insurance.

As a new employee I understand:

___ I have thirty (30) days from my date of employment, or _____ in which to enroll in one of the available health insurance plans.
(date specified by your employer)

___ I must submit all applications for health insurance (including if you waive coverage) and Flexible Spending Accounts to my agency's insurance coordinator.

___ I must choose a plan that is available in the county where I live, work or that is designated as a Contiguous county for purposes of health insurance only. If I live outside the Commonwealth of Kentucky, I must choose a plan that is available in the county where I work.

___ I will be subject to a one time twelve (12) month waiting period for pre-existing conditions unless I have had prior creditable coverage for at least twelve (12) months and there has been no more than a sixty-three (63) consecutive day break in coverage between the termination of that coverage and the effective date of my coverage with the Public Employee Health Insurance Program. Any prior period of coverage that is less than twelve (12) months can be applied against the pre-existing condition waiting period.

___ I must indicate my level of coverage on my application.
SINGLE – Employee only
PARENT PLUS – Employee and Dependent Children)
COUPLE – Employee and Spouse
FAMILY – Employee, Spouse, and Dependent Children)

___ I have confirmed the availability of my payment options with my insurance coordinator.

MONTHLY – Health Insurance premium is deducted from the last paycheck of the month.
TWICE MONTHLY – Health Insurance premium is deducted equally from both paychecks. **If I fail to choose a payment option, the premiums will be deducted twice monthly, if available.**

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Cross-Reference Payment Option

- Members are eligible to elect the cross reference payment option if they meet the following requirements:
  - Legally married (husband and wife);
  - Both eligible employees or retirees participating in the Public Employee Health Insurance Plan;
  - Both must select the same carrier, county and option; and
  - Both must sign same application.

  * Members of the Judicial and Legislators Retirement Plans are not eligible to choose the cross-reference payment option

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Cross-Reference Payment Option

- **When can the cross-reference payment option be selected?**
  - Open Enrollment
  - New Employee
  - New Retiree*
  - Marriage*
  - Birth/Adoption*

* Restrictions Apply

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Cross-Reference Payment Option

- **Ending a cross-reference payment option**
  - Termination of employment*
  - New retirement
  - Qualifying event which allows member to drop spouse
  - Qualifying event which allows member to drop the only covered child

* A cross-reference payment option terminates when one of the employees terminates employment; however, the level of coverage will remain the same. The remaining employee will pay the full cost of the plan.

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County Selection

Active Employees

- Living and working in Kentucky may select their home or work county as their county of coverage.

- Working in Kentucky yet living <u>outside of Kentucky borders</u> must select their work county as their county of coverage.

  Example:

  - Employee living in Clark County, Indiana yet working in Jefferson County, Kentucky would select the work county of Jefferson

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County Selection

Retirees

– Living **in** Kentucky must select coverage in the county where they live

– Living **out-of-state but in counties bordering Kentucky** must select coverage from the Kentucky county that the adjacent county borders.

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County Selection

Retirees

– Living **<u>out-of-state beyond the border counties</u>** must select coverage based on the following:

- **Kentucky Retirement Systems retirees** must select the coverage available in the home office county from which they retired

- **Kentucky Teachers Retirement System retirees** must select coverage from the county in which they were last employed

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Contiguous County

County	Region
Caldwell	Region 1 or 2
Casey	Region 4 or 5
Crittenden	Region 1 or 2
Hart	Region 3 or 4
Laurel	Region 4 or 8
Lincoln	Region 4 or 5
Marion	Region 3 or 5
Rockcastle	Region 4 or 5
Washington	Region 3 or 5

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Effective Dates

- If adding dependents
  - effective 1st day of the month the employee signs the add form

Examples:

- Marriage
- Dependent losing other coverage
- Divorce – if losing other coverage

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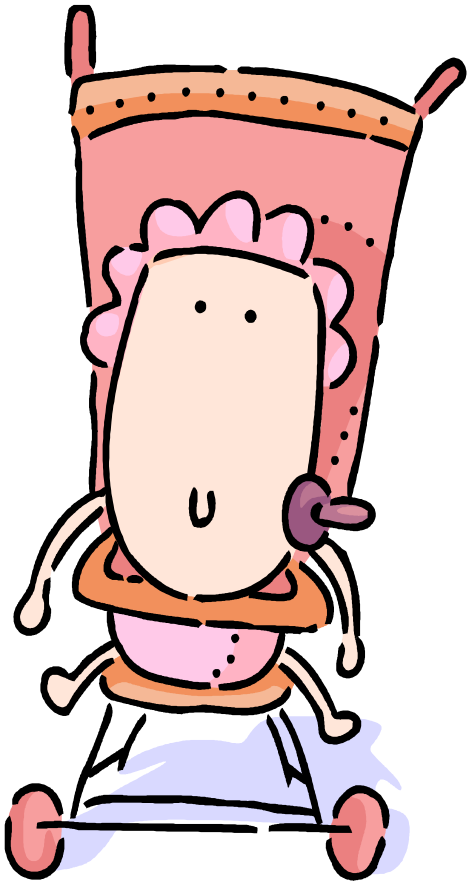
Effective Dates

- If adding newborns or newly adopted children with no tag-alongs:

– Date of birth

Employee has 60 days from the date of birth or placement for adoption to add baby or newly adopted child



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Effective Dates

- If dropping dependents
  - end of the month employee signs drop form

Examples of dropping dependents:

- Spouse/dependent gains other coverage
- Dependents - if policyholder dies

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Effective Dates

If dropping dependents due to:

- Divorce or
- Dependent moving out of household

Effective the end of the month the spouse or dependent becomes ineligible

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Supporting Documentation

- Divorce
  - Filed decree signed by judge and date stamped “filed”, AND
  - Proof they were covered under former spouse’s plan, or
  - If dropping, only filed decree needed

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Supporting Documentation

- Spouse's death
  - If adding, need copy of HIPAA certificate providing proof of lost coverage, or
  - If dropping, no documentation needed

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Supporting Documentation

- Adoption/Placement for Adoption
  - Papers from the Cabinet for Health & Family Services; or
  - Signed & date stamped “filed” papers from the court; or
  - Letter from adoption agency on letterhead; or
  - Legal document from US court; or
  - Official documentation translated into English, if applicable

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Supporting Documentation

- Change in spouse or dependent employment status
  - HIPAA certificate of prior coverage; or
  - Letter from prior employer, typed on company letterhead, showing date of termination and persons covered by the policy

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Supporting Documentation

- Judgment, decree or administrative order relating to health coverage for child
  - Filed and dated court decree or guardianship document; or
  - Agency administrative order; or
  - National Medical Support Notice

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Supporting Documentation

- Employee, spouse or dependent becomes entitled to Medicare and/or Medicaid
  - Initial eligibility letter from Medicare/Medicaid office; or
  - Copy of the Medicare/Medicaid card

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Supporting Documentation

- Employee, spouse or dependent loses entitlement to Medicare, Medicaid, KCHIP or any other Governmental Group Health Insurance coverage
  - HIPAA certificate of prior coverage, or
  - Termination letter from government agency under which previous coverage was held

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Supporting Documentation

- Spouse has different open enrollment period
  - Employer letter identifying open enrollment period dates, the effective dates of coverage or termination and persons who will be covered under plan or dropped from the plan

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Types of Leave

- Leave Without Pay (LWOP)
- Family Medical Leave Act (FMLA)
- Paid Leave
- Military Leave

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FMLA

- What is Family Medical Leave Act of 1993 (FMLA)?
  - Obliges certain employers to allow eligible employees to take an unpaid, job-protected leave for certain family and medical events.
  - FMLA is not a benefit, but is an entitlement.
  - FMLA is not a qualifying event that would permit an employee to make a mid-year election change.

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FMLA

- How does FMLA affect health insurance?
  - Employers must maintain any “group health plan” under the same conditions as if the employee had continued employment during the leave.
  - Employer must provide payment options for the employee during the leave.
  - FMLA is available on an annual basis.

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FMLA

- What Payment Options do Employees Have?
  - Pre-pay: This option allows an employee to pay for benefits up front at the beginning of the leave
  - Pay-as-you-go: This option permits employees to pay for benefits on a month by month basis.
  - Catch-up: This option permits employees to pay for benefits upon return to work. The employee and the employer must have this agreement before the leave begins.
  - Waive: This options permits employees to cease benefits during the leave and then reinstated upon return.

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Leave Without Pay (LWOP)

- LWOP Highlights
  - If employees are on LWOP and they receive pay the month leave begins
    - the state contribution amount will be credited toward the health insurance premium.
  - If employees are on LWOP and they <u>do not</u> receive pay during the month
    - they <u>will not</u> be eligible for the employer health insurance contribution for the following month; and
    - they must pay the total premium amount (employer + employee contribution)

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Leave Without Pay (LWOP)

- LWOP Highlights
  - Premium must be received by the 20th of the month.
  - If employee fails to submit premiums due by the deadline, the health insurance carrier may cancel the entire policy; if so, request a refund for any employer contribution.
  - If the Open Enrollment period occurs while the employee is on LWOP – do not send open enrollment information to the employee.
  - Employees will have 30 days from the date they return to work to make an Open Enrollment election.

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Leave Without Pay (LWOP)

- LWOP Highlights
  - Employees must work at least one day in the month they return to work, to be eligible for the state contribution for the following month.
  - If they do not work a full day in the month they return to work, then the 1st day of the 2nd month rule will apply.

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Paid Leave

An employee who has worked or been on paid leave (annual, sick, or compensatory time) for at least one day during a month will be eligible for the state contribution for the following month

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Military Leave

- When employees are called to active duty they may choose to either:
  - Stop their health insurance coverage under the state group and be covered under Tricare; or
  - Keep their coverage under the state group plan along with their Tricare coverage
- When employees return from military leave they will have all benefits reinstated upon return-effective the day they return

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System Generated Emails

You will receive a system-generated email when:

- DEI processes an application or
- Makes changes due to a qualifying event

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Family Medical Leave Act (FMLA)

FMLA Highlights

- A 12 week job-protected leave available to employees for certain family and medical reasons
- Not a qualifying event allowing changes in health insurance.
- When an employee starts FMLA, the employer contribution is paid throughout the leave period.
- This leave is available annually.

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Family Medical Leave Act (FMLA)

While on leave the employee may choose to:

- Stop all contributions and terminate the plan.
- Prepay the premiums for all of the leave.
- Choose to pay the premiums month by month.
  - If this method is chosen, the premiums will be due at the same time the contribution would be deducted from payroll.
  - If premiums are not paid timely, the employee will be given a 30 day grace period.
  - If the premiums are not received by the end of the 30 day grace period, the insurance will be terminated back to the last day that the previous premiums covered.
- “Catch up Option”

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When to Use What Form

- Add Form
- Use this form when adding dependents, due to birth, loss of other coverage, marriage, etc.

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When to Use What Form

- Drop Form
- Use this form when dropping dependents from a plan due to ineligibility of child, divorce, spouse obtaining other coverage, etc.

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When to Use What Form

- Update Form

- Use this form for company number transfers, terminations, address changes, starting LWOP, reinstatements, new baby social security numbers, or corrections on demographic information.

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When to Use What Form

- New Application
- Complete a new application if moving out of the service area, spouse obtains job under state group and you can now cross-reference, open enrollment, on leave during open enrollment and now employee returns, etc.

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Applications

- White paper ONLY
- DO NOT STAPLE
- Two sheets of paper – Not front & back
- Check to be sure the application is completed, signed and dated by the employee

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COBRA

- Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA)
  - Provides an extension of health care coverage beyond certain qualifying events.
  - Who's eligible for COBRA?
    - Employees
    - Spouses
    - Dependent Children

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COBRA

- What are the COBRA qualifying events?
  - Termination of Employment
  - Reduction of Hours
  - Death of the Employee
  - Divorce or Legal Separation
  - Entitlement to Medicare (Parts A & B)
  - Employer Bankruptcy
  - Dependent Child ceasing to be eligible under the plan

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COBRA

- What should I do upon receiving a COBRA qualifying event notice?
  - Send a COBRA Election Notice within 44-days upon receipt of QE notice.
  - After receiving election form from qualified beneficiary, review application for accuracy and send application to the appropriate Carrier.
  - If you have eligibility questions please contact Sandra Shelton at DEI (888-581-8834)

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HIPAA

Health Insurance Portability & Accountability Act of 1996 (HIPAA)

- Insurance Coordinators must comply with the HIPAA regulations.
  - HIPAA prohibits Personal Health Information (PHI) such as name, social security number, address, electronic mail address, etc. from being disclosed without the individuals consent.

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HIPAA

- Can I communicate with the Carriers on behalf of the individual?
  - No, an individual must contact their Carrier for any questions regarding claims, payments, appeals, etc.
  - Carriers are prohibited to communicate with you unless they have authorization to disclose PHI.

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HIPAA

- How may I communicate with DEI?
  - When communicating via e-mail:
    - In the subject line of the e-mail type “CONFIDENTIAL Members Last Name”

    Example: CONFIDENTIAL Jones

    - In the body of the e-mail only use the members first initial and the member’s last name followed by the last four digits of the member’s social security number.

    Example: JJones1234

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Reminders

- **Please contact DEI whenever changes occur:**
  - phone number
  - fax number
  - agency address
  - e-mail address
  - insurance coordinator change

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Reminders

- Use transmittal log sheets for all documentation that is mailed to the Department for Employee Insurance (DEI)

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Reminders

- **Time Frames**
  - Employees have 30 days from their date of hire to elect health insurance coverage or to waive their coverage.
  - When an employee experiences a qualifying event, they have 30 days in which to make a corresponding change to their plan.
  - Latest dated application will be the one processed.

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Reminders

- **Flexible Spending Accounts (FSA)**
  - Employees have until March 31st of the new plan year to submit receipts for the previous year.
  - DEI ONLY administers the FSA accounts for state agencies.
  - Boards of Education will need to contact their FSA plan administrator.

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Reminders

- **Qualifying Events**
  - Canceling or terminating a private plan is not a qualifying event.
  - Plans obtained through universities and colleges are usually not considered a “creditable coverage” plan.

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2006 Plan Year

Web Enrollment

- Open Enrollment will be using the internet and paper applications
  - Used for both Health Insurance and for Commonwealth Choice FSAs

- Confirming information will include:
  - Confirmation number at the end of a correct enrollment
  - If employee provides email address, we'll also send an email confirming his or her elections
  - Insurance Coordinators will still receive emails with enrollment information

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2006 Plan Year

- Employees eligible to enroll on the internet are:
  - Anyone who is a plan holder in the current (2005) plan year
- Therefore, employees not eligible to enroll on the internet are:
  - New hires and retirees
  - Employees who will be transferring companies for the new plan year
  - Spouses or children of retirees who are not actually the retiree
  - Cross referenced employees who want to switch plan holders for 2006

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2006 Plan Year

- Highlights
- Secure pin-based sign-on and high level security on information entered
- Interview process rather than a web based form
- Employee starts with information from this year and makes changes
- Workflow logic to control the questions asked and the path taken within the interview based on the applicant and plan information
- Saves progress information so information is retained if a break in the process occurs
- All editing occurs when information is entered
- Employee can view enrollment information and make no changes

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2006 Plan Year

- Insurance Coordinators will use internet application to enter applications for employees who do not want to
  - Open Enrollment will stay open two weeks longer for Insurance Coordinator use only to provide time to enter these applications
- Electronic signatures will be used – paper applications no longer used for employees who enter their own information
- Reports will tell Insurance Coordinators:
  - Who has enrolled
  - Who has not yet enrolled
  - Who started applications but did not finish them

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2006 Plan Year

- Consistent service levels and network access across the State
- Stability in health plan choice from year to year for employees
- Benefit level will be identical to 2005 benefits for at least six months (thru June 30, 2005)
- Administration will work with the Blue Ribbon Panel http://personnel.ky.gov/stemp/dei/06planyear.htm , as well as, the Employee Advisory Committee http://personnel.ky.gov/stemp/dei/, the Health Insurance Board http://personnel.ky.gov/stemp/dei/kygrhibd.htm , the legislature, and other concerned parties to develop plans for the period after July 1, 2006
- Change the health plan funding to self-insured rather than the current mixed model of fully-insured and self-insured

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Self-Insurance – What Is It? What Would Change as a Result

What Would Change…	What Would NOT Change…
• The State would fund the Plan without the use of an external insurer • The State would increase it's ability to control costs and reduce administrative expenses • The State would be better positioned to get the best price for the healthcare benefits it provides • The State would no longer pay risk charges and margins to insurance companies	• Plan members would see no change in the benefits they currently receive

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In Summary…

Self-Insuring the Public Employee Health Insurance Program will have a positive impact on the Plan and member…

Self-Funding = a strong <u>first step</u>, but more needs to be done.

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Training

We welcome your suggestions for training topics!

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Contact Us

Department for Employee Insurance
200 Fair Oaks Lane, 5th Floor
Frankfort, Kentucky 40601

Member Services Branch

Health Insurance		502-564-0354	502-564-0355
		502-564-6534	888-581-8834
	Fax	502-564-0364	
FSA		502-564-0350	502-564-0351
	Fax	502-564-0364	

Enrollment Information Branch

502-564-1205
Fax 502-564-1085

Financial & Data Services

502-564-9097
Fax 502-564-0364

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