SYNOPSIS

Rule 111-4-1-.06(6)
Changes in Coverage and Option

STATEMENT OF PURPOSE AND MAIN FEATURES OF PROPOSED RULE

The purpose of this proposed amendment is 1) to ensure that the Board has the flexibility to permit members to change coverage options and tiers to correspond to qualifying events to the maximum extent permitted by federal law in regulations under Internal Revenue Code Section 125, and 2) to ensure that the Board has the flexibility to set forth requirements for reducing the administrative burden associated with communicating and processing such changes when the qualifying event involves cost increases or coverage losses or curtailments resulting from employment or compensation decisions of Employing Entities.

DIFFERENCES BETWEEN EXISTING AND PROPOSED RULES

The existing regulation 111-4-1-.06(6) has been modified to eliminate summaries of qualifying events described in the regulations under Internal Revenue Code Section 125 and instead incorporate by reference those events set forth in Internal Revenue Service Regulation 1.125-4. The existing regulation 111-4-1-.06(6) does not permit prospective election changes due to changes in cost or changes in coverage, which changes are allowed under Internal Revenue Service Regulation 1.125-4. Therefore, the proposed rule will provide the Board and members greater flexibility.

In addition, the text of sub-paragraphs (i) and (n) of existing regulation 111-4-1-.06(6), which deal with retiree election changes that are not provided for in Internal Revenue Service Regulation 1.125-4, has been consolidated under the proposed 111-4-1-.06(6) under the heading "Additional Changes Permitted for Retirees."

111-4-1-.06 Changes in Coverage and Option.

(1) **Open Enrollment Period and Retiree Option Change Period.** The Open Enrollment period and Retiree Option change period shall be a minimum period of fifteen (15) calendar days and shall begin no earlier than October 1 and shall end no later than November 15 of each year. The Commissioner shall announce the dates of the periods each year. Eligible Employees, enrolled Retirees and Extended Beneficiaries shall be given an opportunity to make the changes in Coverage election as reflected in the following paragraphs.

(a) **Active Employees.** Eligible Active Employees, eligible Employees on Approved Leave of Absence Without Pay and Extended Beneficiaries shall be given an opportunity to enroll or change Coverage during the Open Enrollment period.

(b) **Retirees.** During the Retiree Option Change Period, enrolled Retirees shall be given an opportunity to change Coverage Option to any Option for which the Retiree is eligible.

(2) **Returning Employee from an Approved Leave of Absence.** An eligible Employee who did not continue Coverage during an Approved Leave of Absence Without Pay which included the Open Enrollment period shall be offered the opportunity to enroll, discontinue, or change Coverage within fifteen (15) calendar days of the date the Employee returns to work.

(3) **Qualifying Event During a Period of Ineligibility.** When an Employee loses eligibility for Coverage and subsequently resumes eligibility for Coverage within the same Plan Year, and a Qualifying Event under these regulations occurs during the period of ineligibility, the Employee shall have the opportunity to request a change in Coverage election for the remainder of the Plan Year that is consistent with that Qualifying Event. The request to change Coverage election must be received by the Administrator within thirty-one (31) calendar days following the date the Employee resumes eligibility through an Employing Entity. The effective date of the requested action shall be consistent with the new employment provisions of these regulations. The Administrator shall request supporting documentation to demonstrate the Qualifying Event has occurred. Failure to fully document the occurrence of the Qualifying Event within the allotted time shall result in reversal of the new Coverage election and restoration of the Employee's former Coverage election.

(4) **Retired Employee's Discontinuation of Coverage.** A Retired Employee may discontinue Coverage at any time by advance notice to the Administrator without any entitlement to re-enroll at a later date.

(5) **Reinstatement of Employee Across Plan Years.** If an Employee was reinstated to employment for a period of time inclusive of the applicable Open Enrollment period, the Employee shall be offered the opportunity to enroll or change Coverage within fifteen (15) calendar days of the return to work.

(6) **Qualifying ~~Life~~ Event Coverage Changes.** A Member shall be eligible ~~to change~~ **to make a change in coverage or tier on account of the qualifying events set**

forth, and in the manner described, in Internal Revenue Service Regulation 1.125-4, so long as the Member and the Employing Entity (if applicable) satisfy requirements established by the Administrator. ~~Coverage election as outlined in these regulations.~~ Requests to enroll, change, or discontinue coverage must be received by the Administrator no later than thirty-one (31) calendar days following the qualifying event. The effective date of the Coverage election shall be the first of the month following receipt of the request, unless otherwise noted in **Internal Revenue Service Regulation 1.125-4** ~~these provisions~~. The Administrator shall request supporting documentation to demonstrate the Qualifying Event has occurred. Failure to fully document the occurrence of the Qualifying Event within the allotted time shall result in reversal of the Coverage election and restoration of the Member's prior Coverage election.

~~(a) **Marriage Resulting in Dual Coverage.** When an Enrolled Member marries and becomes eligible through the new spouse's employment, the Enrolled Member may discontinue coverage or decrease Coverage Tier, provided that all enrolled persons under the Enrolled Member's contract are covered under a group health benefit plan. Documentation of enrollment under the other employer's group health benefit plan shall be required by the Administrator.~~

~~(b) **Acquisition of a Dependent.** Eligible Members may elect Coverage or increase Tier for themselves and all of their eligible Dependents when they acquire a dependent through marriage, adoption, or legal guardianship. If a Member's eligible Dependent child assumes or resumes full-time student status, the acquisition of a Dependent definition is fulfilled. Coverage effective dates for the Dependent(s) are established in accordance with Section 111-4-1-.05 of these regulations. Documentation of Dependent(s) eligibility for Coverage shall be required.~~

~~(c) **Loss of Other Coverage.** An Enrolled Member may change Coverage under the SHBP when he or she loses membership under some other group health benefit plan as a result of divorce, legal separation, or death. When an Enrolled Member or an Enrolled Member's Spouse loses Coverage through employment, the Enrolled Member may increase Tier. When an Active Employee, an Employee's Spouse, or any eligible Dependent loses enrollment under a group health benefit plan through other employment, or under Medicaid or Medicare, the Employees may enroll themselves and any eligible Dependents in SHBP Coverage. Loss of membership under another group health benefit plan through employment can be the Member's, Spouse's or former Spouse's change in employment status affecting eligibility for group health benefit plan membership under a Cafeteria Plan or other qualified health benefit plan, the former Spouse's refusal to continue covering health benefits for the Dependent children, an Approved Leave of Absence Without Pay by the Spouse or former Spouse resulting in termination of group health benefit plan membership or no Employer's Contribution to the Premium, or the termination of the Member's, Spouse's, or former Spouse's group health plan through his or her employment, or the termination of COBRA. Documentation of the loss of membership under another group health benefit plan, or under Medicaid or Medicare, shall be required by the Administrator.~~

~~(d) **Loss of Dependents.** When an Enrolled Member loses all Dependents through one of the following: (1). divorce (2). death (3). legal separation; or (4). the~~

loss of eligibility of an only Covered Dependent who no longer meets the definition of an eligible Dependent, the Administrator shall decrease the Member's Tier. An Enrolled Member may request a decrease in Tier when a Qualified Medical Child Support Order ("QMCSO") judgment, decree or order resulting from a divorce, legal separation, annulment, or change in legal custody requires a former Spouse to provide health Coverage for the Member's Covered Dependents; documentation of the order and Dependent Coverage under another health plan shall be required. No refund of Premiums will be allowed for this decrease in Tier.

(e) **Birth of Dependent.** A Member, except as provided in Section 111-4-1-.08 of these regulations, may enroll themselves and all their eligible Dependents in Coverage or increase Tier. The effective date of the Coverage change shall be the first of the month following the request unless the Member specifically elects to include the newborn in Coverage from the date of birth. When the Member elects to include the newborn from the date of birth the effective date of the Coverage change shall be the first of the month of birth. The Administrator shall require that payment of the appropriate Premiums for prior months of Coverage be collected from the date the Member elects for the Coverage to become effective. This provision allows other eligible Dependents to be enrolled for Coverage subject to the eligibility and Coverage effective date rules in Sections 111-4-1-.04 and 111-4-1-.05 of these regulations. Documentation of the new Dependent's birth and all other Dependents' eligibility for Coverage shall be required.

(f) **Change in Employment Status.** An Active Employee may decrease Tier or discontinue Coverage when the Spouse's or only Covered Dependent's employment status changes and affects the individual's eligibility under a Cafeteria Plan or other qualified health benefit plan and all covered persons removed from the contract are covered under the other employer's group health benefit plan. The Administrator shall require documentation of the other group health benefit plan enrollment. The effective date of the change in Coverage or discontinuation shall be the latter of the first of the month following receipt of the request or the date that the Employee and Covered Dependents are covered under the other group health benefit plan.

(g) **Qualified Medical Child Support Order (QMCSO).** An eligible Member will be enrolled or have their Tier increased upon determination by the Administrator that a court or administrative order, judgment or decree is a QMCSO for a natural child of an eligible Member. The Administrator shall notify the Member parent, each alternate parent based on information contained in the order, and the Employing Entity of the receipt of such order. The Administrator shall establish procedures in compliance with federal and State law for processing the enrollment or change of coverage action. Enrollment or an increase of Tier under this paragraph shall not be subject to any timely filing requirements. A Member who is the recipient of such order may not discontinue coverage for the dependent child unless there is documentation that the order is rescinded or the child is covered by the Member under other health insurance on or after the date of coverage discontinuance under the Plan. The Administrator shall require appropriate documentation for discontinuance of coverage for a Member or alternate Subscriber who is the recipient of the QMCSO. An Enrolled Member with a

QMCSO shall be allowed to change from an HMO Option to a Regular Insurance Option upon request and shall not be subject to any timely filing requirements.

(h) **Spouse or Employee Military Reservist Activation Period.** An eligible Employee may enroll or increase or decrease Tier as a result of the Employee's or Spouse's activation into the military service. Upon employment reinstatement following a period of activation, the Employee or Spouse may reverse the earlier decision as a result of the activation. The Administrator shall require appropriate documentation of the requested Coverage action and the activation or reinstatement no later than thirty one (31) calendar days following the Qualifying Event.

(i) **Retired Employees.** Married enrolled Retirees may change Tier in order to become individual Enrolled Members at any time when no individuals other than the Spouse are enrolled in the Coverage. The change in Coverage will be effective within two (2) calendar months following the requested change.

(j) **Eligible for Medicare or Medicaid.** Enrolled Members may decrease Tier within thirty-one (31) calendar days of all Covered Dependents becoming enrolled in Medicare or Medicaid. Enrolled Members who have no Covered Dependents may discontinue Coverage within thirty-one (31) calendar days of becoming enrolled in Medicare or Medicaid.

(k) **Change to Family at Time of Involuntary Separation.** When an Enrolled Member is involuntarily separated, an increase in Tier is allowed at the time of retirement, provided the Member will immediately begin drawing a monthly benefit from a participating retirement system. The Administrator shall require documentation to substantiate the involuntary separation.

(l) **Spouse's Open Enrollment Change.** Eligible Employees may enroll, decrease Tier, or discontinue Coverage when the Employee's Spouse makes an Open Enrollment change in enrollment status under a non-participating employer's Cafeteria Plan or other qualified health benefit plan that creates an overlap or gap in group health coverage as a result of the other group plan coverage having a different plan year. The effective date of the Coverage action shall be the later of the first of the month following receipt of the request or the effective date of the other group coverage. The Administrator shall require documentation to substantiate that the Spouse's election meets the criteria of this provision.

(m) **Managed Care Plan Options.** An Enrolled Member may change to, among, or from a Managed Care Plan when:

1. The Enrolled Member changes residency to a location that is no longer considered a part of the Managed Care Plan's network of providers contracted with the SHBP;

2. The HMO ceases its operation for any reason, substantially decreases the number of medical care providers available, or ceases offering a Medicare Advantage Option in the geographic area. In such case, the Employing Entity of Administrator shall automatically change the Coverage Option to an Option designated by the Administrator

~~or other designated Option, unless the Enrolled Member discontinues Coverage or chooses another Coverage Option for which the Member is eligible within thirty-one (31) days of the Qualifying Event;~~

~~3. The Centers for Medicare & Medicaid Services cancels an Enrolled Member's Coverage in a Medicare Advantage Option. In such case, the Administrator shall change the Member's coverage to PPO or other designated Option unless the Enrolled Member chooses another Option for which the Member is eligible within thirty-one (31) days of the Qualifying Event.~~

~~(n)~~ **~~Option~~ Additional Changes Permitted for Retirees.** An enrolled Retiree may change to any Option to which the Retiree is eligible upon occurrence of one or more of the following events, provided the request is received by the Administrator within thirty-one (31) calendar days following the Qualifying Event:

1. At the time of retirement;

2. At the time that the annuity amount to be received from a state supported participating retirement system becomes insufficient to satisfy the Option premium; or

3. At the time that the Retired Member becomes eligible for Medicare coverage.

~~Retired Employees.~~ Married enrolled Retirees may change Tier in order to become individual Enrolled Members at any time when no individuals other than the Spouse are enrolled in the Coverage. The change in Coverage will be effective within two (2) calendar months following the requested change.

(7) **Documentation.** The Administrator may require documentation that a Qualifying Event permitting enrollment, change or discontinuation of Coverage has in fact occurred outside the annual enrollment period. When required, documentation appropriate to the event will be specifically described and must be received by the Administrator within the allotted time. Failure to document appropriately or within the allotted time shall result in the reversal of the requested Coverage action and restoration of the Member's prior Coverage.

Authority O.C.G.A. Secs. 20-2-295, 20-2-881, 20-2-894, 20-2-897, 20-2-911, 20-2-922, 45-18-1 et seq., 50-18-72, 50-18-94, Internal Revenue Code Section 125 – Family and Medical Leave Act of 1993 (FMLA), Consolidated Omnibus Budget Reconciliation Act (COBRA), IRS Code Section 125, Health Insurance Portability and Accountability Act (HIPAA), Child Support Performance and Incentive Act, U.S.E.R.R.A.**History.** Original Rule entitled "Changes in Coverage and Option" adopted. F. Apr. 19, 2005; eff. May 8, 2005. **Amended:** ER. 111-4-1-0.1-.06 adopted. F. June 13, 2005; eff. June 16, 2005, as specified by the Agency. **Amended:** Permanent Rule adopted. F. Sept. 15, 2005; eff. Oct. 5, 2005. **Repealed:** New Rule of same title adopted. F. Jan. 22, 2007; eff. Feb. 11, 2007. **Amended:** F. May 25, 2007; eff. June 14, 2007.