

DEPARTMENTAL POLICY AND PROCEDURE

Subject: New hires/Late entrants allowed CDHP options only	Effective Date: January 1, 2009
Department: State Health Benefit Plan	
Release Date: 10/30/2008	Revision Date:
Author: SHBP	Issued By: SHBP
<p><u>Reference/Background</u></p> <ul style="list-style-type: none"> • In 2004, GASB rules required that public entities account for their post-retirement benefits (OPEB) as a liability • OPEB liability valuation as of July 2007 was \$16.4 billion • A lack of demonstrated strategy to reduce this liability could impact the State's bond rating, resulting in additional expense burden to the State • SHBP has embarked on a five year strategy to streamline Plan Options with a focus on consumerism • A combination of enriching the CDHP Options while offering them at reduced prices is used to incent members to select these Options • Without impacting currently enrolled SHBP Members, significant savings will be realized by steering Members into the more efficient Options. This will allow the Plan to keep health care costs affordable for the entire Plan covered population. <p><u>Definitions</u></p> <p>Payroll Location – any Employing Entity or Contract Employer that employs State Health Benefit Plan (SHBP or Plan) eligibles and members and/or collects the appropriate Premium from the member for the elected coverage.</p> <p>New Enrollee – any person newly eligible for State Health Benefit Plan (SHBP) coverage; any person eligible for SHBP coverage who previously elected not to enroll at the time of employment or during subsequent Open Enrollment Periods and is enrolling due to a Qualifying Event; any person previously covered by the SHBP but who has a break in coverage spanning Plan years inclusive of LWOP members; or employees of Payroll Locations newly eligible by reason of initial participation in the Plan.</p> <p><u>Policy</u></p> <p>Effective January 1, 2009, the SHBP will limit the health benefit coverage Options</p>	

offered to New Enrollees to one of the Plan's Consumer Driven Health Plan (CDHP) Options.

The available CDHP Options are:

- CIGNA Choice Fund (HRA)
- CIGNA Open Access Plus (High Deductible Health Plan or HDHP)
- UnitedHealthcare Definity HRA
- UnitedHealthcare HDHP

Members will be allowed to change Options during the following Open Enrollment Period or within 31 days of meeting a Qualifying Event as defined by IRS Section 125.

Procedure

SHBP has developed two new forms to replace the single Membership Enrollment/Miscellaneous form. The two new forms are:

1. New Hire form that will list the four CDHP Options from which the New Enrollees can elect a coverage Option; and
2. Miscellaneous Change form to be used for changes in coverage Option and/or Tier due to Qualifying Events; other miscellaneous changes; and addition of newly eligible dependents for existing covered SHBP members.

Each Payroll Location will be responsible for providing the appropriate form to the corresponding New Enrollee or existing SHBP member and submitting the completed form to the SHBP for processing.

Any form submitted by the Payroll Location or current Member will be reviewed for completion and to assure the correct form has been submitted for the action requested. Forms will be imaged and returned when 1) the incorrect form is used, and/or 2) the form is incomplete, altered, or is not signed and dated.

Information for returned forms will be documented in the Imaging System including the reason for return and the expected return date. The incomplete or incorrect form will not be processed into the Plan's eligibility system for enrollment.

Resubmitted forms completed and/or corrected and received on or before the expected return date will be processed, and the appropriate information will be submitted to the elected vendor (CIGNA or UnitedHealthcare). Resubmitted forms not received timely will be processed as Denied Actions with notification submitted to the Payroll Location and employee.

SHBP Members are not allowed to change coverage Option except during the annual Open Enrollment Period or within 31 days of experiencing a Qualifying Event. SHBP Members that Transfer between Payroll Locations must maintain the coverage Option and Tier in which originally enrolled. Space will be provided on the New Hire form for transferring employees to designate their transfer status. Therefore, the new

hire limitation to CDHP options does not apply to transfers, and transferring employees will be enrolled in the original coverage Option and Tier.

There are additional policy exceptions based upon Federal and State Legislation and administrative requirements that govern the eligibility for changes in SHBP coverage Option. Most exceptions include continuous coverage as part of the requirement.

SCENARIO (Exception)	CONTINUOUS COVERAGE	OPTION AVAILABILITY
Covered dependent becomes eligible as an employee	Yes	New member may continue with Option previously enrolled in as a dependent
Covered dependent becomes eligible as an employee	No	New member must enroll in one of the CHDP Options
Break in coverage during the Plan Year	No	Must enroll with same Option and Tier *
Return from Leave of Absence Without Pay	Yes	Must enroll with the same Option and Tier
Return from Leave of Absence Without Pay during same Plan Year	No	Must enroll with the same Option and Tier
Return from Leave of Absence Without Pay spanning Plan Years	No	Must enroll in one of the CDHP Options
Enrollment in COBRA coverage	Yes	Must enroll with the same Option if eligible
Member changes residency outside of current Option's network of providers	Yes	May enroll in any Option with network of providers that service the new residence
Qualified Medical Child Support Order (QMCSO)	Yes	May change to Family Tier and/or change Option if child would not be covered by the network of providers of the member's current Option
Qualified Medical Child Support Order (QMCSO)	No	Must enroll in CDHP Option provided the child will be able to receive benefits
Addition of Dependents	Yes	Must maintain same Option
Addition of Dependents	No	Must enroll in CDHP Option
Qualifying Event allowing change in Option	Yes	May change to in any Option
Enrollment of Surviving Spouse	Yes	Must enroll in same Option as deceased spouse

* If a member meets a Qualifying Event during a break in coverage in the same the Plan Year, the member may file for a change in coverage within 31 days of re-employment.