FAQ: Group Health Insurance

- Group Health Insurance is medical insurance purchased by a business to cover its employees. In Oregon, a "large employer" is one with 51 or more employees and a "small employer" averages 1 to 50 employees in a calendar year.

Does My Business Qualify For A Small Group Health Plan?

- To qualify for a small group health plan you must have 1 to 50 eligible employees.
    - It is possible to create a group health plan with only one insured person, but the business must employ at least one traditional W-2 employee in addition to any owner(s). A business owner may not be the only enrolled person. At least one W-2, non-spouse employee must be insured in addition to the owner.

Who Is Eligible To Enroll?

- Employees must work at least 17.5 hours a week
    - Employee hours may need to be documented. A form that is commonly used for this is Form 132 from the Oregon Quarterly tax report.
- Owners are counted as employees and are eligible as long as they work the required number of hours. Off-site owner investors DO NOT qualify.
- Required Hours are determined by employer and may be no less than 17.5 and no more than 40 hours a week. The employer can exclude all employees working less than the required amount of hours.
- If the employee has other group coverage they can complete a waiver form and decline to enroll. They do, however, have the right to enroll in your plan. We call it "double coverage" if they are enrolled in two plans.
- Other group coverage includes COBRA, Medicare, Oregon Health Plan, group health plan through spouse's employer or other employment, Champus, TriCare, Native American Health Plan, and ACA-compliant individual plans. Note that if the employee is on an ACA-compliant individual plan and are offered group health coverage by you, they can

no longer receive a tax credit to help them buy their ACA-compliant plan, regardless of whether they enroll on your group health plan.

What Is The Probationary Or Eligibility Waiting Period?

- In addition to setting eligibility hours, a group must set up a waiting period. The waiting period defines how long an employee needs to work the required hours before enrolling for coverage.
- For health insurance the maximum waiting period is exactly 90 days. Generally, employers choose a traditional 60 day wait rather than exactly 90 days. Like so:
    - Example #1: Joe's hire date is June 5th. He has a 60-day probationary period before he can enroll in the group health plan. He will have to work until August 4th to be eligible and then he can enroll on September 1st.
    - Example #2: Sally's hire date is June 1st. She has a 90-day probationary period before she can enroll in the group health plan. She will have to work the full 90 days which would be August 30th. She can now enroll on August 31st.
    - Seasonal employees are generally considered to be 6 months or shorter by the insurers. If an employee works adequate hours for more than 6 months they need to enroll. This clause is not the same of every insurer so it's important to check with your insurer of choice to see how they handle seasonal employees.

When Can My Employees Enroll?

- After the eligibility waiting period employees can enroll in the group health insurance plan.
- If an employee or dependent does not enroll when they first become eligible and does not have other group coverage then they become a "late enrollee"
    - A "late enrollee" cannot enroll at a later date of their choice. They can only enroll on the health plan's next open enrollment date. The open enrollment period is the 30 days prior to the renewal date.

- There are other opportunities to enroll employees or dependents in a situation when an employee does not enroll when first eligible. These are called "Qualifying Events".
    - Examples of "qualifying events" are;
        - Newly acquired dependents due to marriage, child birth, or adoption.
        - Involuntary loss of other group coverage (not due to non-payment or voluntary cancelling the other coverage)

What Is Contribution?

- Contribution is the share of the premium to be paid by the employer, of the employee-only premium. The contribution amount is usually represented by a percentage but the employer can designate a specific dollar amount they wish to contribute.
- For small groups in Oregon the employer must pay at least 50% of the single employee premium. The employer is not required to pay anything for dependents.

What is Participation?

- Participation is the percentage of employees that enroll in the group health plan.
- For small group plans, 75% of eligible employees who do not have other group coverage must enroll. Large group plan participation requirements will vary.
    - Dependents are usually not required to enroll.
    - Dependent is a spouse, child, or domestic partner.

What If I Only Want To Enroll Particular Eligible Employees Or Pay More Of The Premium For Some Employees Verses Others?

- In Oregon, small employers are limited in their ability to provide different benefits for different employees. The contribution must be the

same for everyone enrolled whether they work 20 hours or 40 hours a week.

What about employees who are eligible for Medicare? Should they stay on our plan if they are still working?

- Regardless of age & access to other coverage, employees who work enough hours have the right to enroll on the group health plan. If the employee is eligible for and enrolled in Medicare benefits, the group plan will be primary over Medicare. Employees can stay on the group plan, keep Medicare part A and waive off of part B (part B costs money). The employee can also purchase part B and waive off of the group plan and choose to be enrolled on a Medicare supplement or Advantage plan instead of the group health plan.
- On a related note, employees are to be notified whether your medical plan prescription coverage is good enough to be Medicare part D creditable. These notices are to go out each year between September 1 and October 15.

What Happens When An Employee No Longer Works For My Company?

- Notify employees of their rights to COBRA or State Continuation (see below; it's mandatory to provide notification if you are subject to COBRA).
- Inform the insurance company that the employee has been terminated. This can be done online, with a specific form or letter, or by simply noting it on the current billing statement when paying the bill.
    - It's a good idea to have an employee sign a brief form stating they understand their coverage will terminate at the end of the month should if they part ways with you unless they opt for COBRA or Continuation.

What Are COBRA And State Continuation?

- When a covered employee leaves your employment or becomes ineligible to remain on your plan for other reasons such as a reduction in hours the very first thing you need to do is to notify the billing

rep(s) of your insurer(s). Terminating coverage of an employee or ex-employee is simple; there is no enrollment form required. You can call the billing rep as listed on your monthly bill, or use the form provided for this purpose which is sent out with each monthly bill.

- The employee may be able to stay on your group coverage through continuation. There are 2 types of continuation; COBRA and State Continuation.
- **COBRA** applies to groups of 20 or more (the definition of '20 or more' is tricky.) Any employee that has been enrolled at least 1 day on the group plan may receive this benefit. Generally, coverage may be kept up to 18 months before expiring. COBRA law is complex and keeps changing. We strongly recommend that you hire a professional COBRA administrator. Employers can be fined for not offering COBRA rights to employees properly. One such administrator is HRService (more below).
- **State Continuation** applies to groups of 2-19 employees. To obtain coverage an employee must have been enrolled for at least 3 months on the group plan. Generally, coverage may be kept up to 9 months before expiring. Employers need to notify the insurance company ASAP of the employee's termination, which enables the insurance company to reach out to the employee about continuation.
    - In either case, employees MUST complete a new enrollment form in order to continue on your plan.

For Questions On State Continuation And COBRA Coverage

- We encourage you to call the numbers listed below. It's very important that you notify employees of their continuation rights and have them acknowledge the notification with a signature.
    - State Continuation – State Insurance Division: (503) 947-7980
    - COBRA Hotline: (206) 553-4246

What If My Employees Need New ID Cards?

- If an employee needs new ID cards the best way to handle replacement would be to have the employee call the insurance company directly, or log into their online account to make the request. A majority of the companies allow the employees to order new ID cards through a touch-tone phone system.

Billing Questions

- For billing questions, it is also best to contact the insurance company first. The phone number and the contact person is found on your bill. As your agent, we are not privy to your billings and don't receive copies of them. We are available as a backup for questions if you need clarification.

- Each monthly billing notice will include the contact information of your billing rep and a form to send them noting adds/drops of employees. Adds require an enrollment form while drops are done by simply filling out a line on the form which is included with your bill. We do not handle this for our clients. When it comes to adding or dropping employees it is best handled directly with your billing rep. We are simply an extra set of hands which can, in the worst case, lose the form.

Offering Benefits To Employees Means

- You've made the good decision to offer benefits to your employees. Beyond caring about the well being of your employees, offering benefits helps you obtain and retain more capable, higher level employees.

Offering Benefits Also Means Taking On New Responsibilities

For example, we offer solutions to the following points:

- Virtually all employers that offer any sort of benefit at all, even if it's just a vision or dental plan, are subject to ERISA (the Employee Retirement and Income Security Act of 1974) audits. These are done by the DOL (the Department of Labor.)
- Employers who want to charge the employee's share premiums on a pre-tax basis, must have a POP (Premium-Only Plan) or FSA.
- Employers who offer health insurance are required to disseminate various documents as per the ACA (the Affordable Care Act) and HIPAA (the Health Insurance Privacy and Affordability Act.) Some

documents are to be supplied to the employee upon hire, others upon termination, others on occasion (such as annually.)

- Employers with more than 20 total employees must offer COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985) rights notices to all employees at the time of hire and termination.
- We could go on and on…see Appendix A for examples of non-compliance penalties.
- Tomlin Health Insurance is not responsible for disseminating materials to your employees as per the requirements of COBRA, ERISA, the ACA, HIPPA, etc. It is the employers' responsibility to comply with all applicable laws and regulations.
- In addition to the legal requirements which arise from COBRA, there are notification requirements which arise from HIPAA and ERISA.

In recent years, the DOL hired thousands of ERISA compliance auditors. These auditors have been tasked with auditing any and all employers who offer any sort of employee-benefit, down to those with 1-2 workers. Thus the risk of audit is much larger than before. The penalties are huge for being out of compliance. In part, compliance means dispersing numerous documents to employees, and having a compliant ERISA Plan Document (similar to how you must have a governing 401(k) Document or Cafeteria Document if you have those plans in place.)

These liabilities only apply to employers who offer employee benefits. We strongly recommend you take steps to protect your business from these legal liabilities. For COBRA administration we recommend working with a Third Party Administrator. They do everything regarding the administration of your COBRA services including notices & billings for employees for those employers who are subject to COBRA. We are **absolutely convinced** that these services are extremely important and that they can save you thousands of dollars in the event of an audit. If you aren't protecting yourself against this exposure we highly recommend you contact us to take the steps needed to protect your business and livelihood.

We Offer Valuable Resources That Address Your Obligations And Responsibilities

Tomlin Health Insurance makes various resources available to our clients, providing the tools needed to comply with the above. Some of these are self-service and some are available for purchase, in which case we help with the paperwork and questionnaires.

It is the employers' responsibility to track hire dates, monitor monthly bills for adds/drops, and enroll & disenroll as needed, making sure each bill is correct. You can reach out to us any time for help in understanding bills, learning how to enroll/disenroll employees, etc.

For ERISA and ACA compliance, Tomlin Health Insurance offers our clients access to Third Party Administration from HRService. Although there is a cost for their suite of compliance services, we are able to offer their basic suite of service for $50 per month to our clients. This includes the hours of staff time in our agency that are needed in order to complete the documents on you behalf. Contact Kyle Armstead at Tomlin Health Insurance for more information about HRService.

It is possible to 'do it yourself' using Mineral. FYI it is very complex. Here is the Department of Labor guidance document: https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/compliance-assistance-guide-appendix-a.pdf.
This 'risk-assessment' document is just the first step to self-administration. It is a 68-page form.

Our Contact Information

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Keep Us In The Loop

We are an advocate for you. Once your group plan is installed, the only information we receive from the insurance carriers are your company's renewal rates and verification of whether or not your company's insurance bill has been paid. If you need help, let us know! We won't know unless you tell us directly.