PUBLIC EMPLOYEES' BENEFIT BOARD

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PEBB Plan Year Reminders

January 11, 2017

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Opt Out Payment and LWOP

(Regardless of leave reason)

NO Opt Out Payment is made to an employee during a LWOP regardless of type of leave use (FMLA, CBIW, etc.).

OPT Out cash (flex credits) is not paid to the employee during LWOP, because **PEBB does not require the Opt Out dollar amount to be allocated to PEBB medical coverage or other benefits.** The Opt Out cash is available to the member to use as they want –it is added taxable compensation.

Code 125 Cafeteria Plans With Flex Credits - Some employers provide flex credits under their cafeteria plans that can be used to purchase various benefits or, in some cases, can be paid to the employee as additional compensation. A DOL Opinion Letter advises that **employer-provided flex credits allocated to group health plan coverage** must continue to be paid during unpaid **FMLA leave** in the same amount as prior to the leave, and may not be recovered from the employee.

For example, if the state gave employee's $200 in flex credits and told them it must be applied to their choice of PEBB benefits the amount would need to continue during a FMLA LWOP.

NOTE: Being in a current stability period on a LWOP does not change policy---Opt Out is not paid, because it is not required to be allocated to PEBB health benefits.
Mid-Month FMLA would most probably pay for the following month opt out for 80 hours worked or in Stability.

STD/LTD Waiver of Premiums

STD premiums are waived when an employee is approved for STD
PEBB advice has always been to continue to pay the LTD when an employee is on an approved STD leave. When and if the employee is approved for the LTD premiums the agency can refund premiums collected to the employee back to the LTD approval date for benefits.

LTD may not be approved---it's easier to refund the paid premium when approved rather than try to collect the premium to the start of the benefit approval.

Note: STD or LTD premiums cannot be paid by the employee if the employee is in LWOP that isn't a protected leave.

Below is a reminder from Standard about premium waiver process.
Standard Account Representative:

> I have confirmed with the claim team that each agency/university is carbon copied on approval letters to members. This approval letter acts as a notice to the agency/university that STD premiums should be waived from the date benefits become payable until the member returns to work. It should be noted, however, there is no specific information about premium waiver contained in the letter.
> These letters are sent to the agency/university representative who submitted the employer information for the claim. It might be helpful to send out a reminder to all agency/university reps about STD and LTD waiver of premium. When an approval letter is received, this is their notice to waive premium.
>
> **The same can be said for LTD.**
>
> Reminder: **When a member goes on a *protected* LWOP premium continuation for STD and LTD coverage should only be allowed for 90 days.** This time frame will capture the period allowed under FMLA. We cannot continue coverage beyond 90 days in a protected LWOP situation, as the member will not have any earning to protect, as the policy has a 13 week look-back period when determining pre disability earnings.

Cancellation of Employee Coverages due to Non- Payment during LWOP— (Includes FMLA)

OAR 101-020-0002 Plan Effective Dates, Employee Eligibility Continuation, and Plan Termination Dates

(d) When an employee is in an employer approved period of leave without pay, (e.g., FMLA, CBIW), or is in a benefit eligible current stability period a termination of coverage occurs when the employee's premium share is more than 30 days late from the designated payment due date. **In order to terminate the coverage the agency:**

(A) Must provide written notice to the employee that payment has not been received. The notice must be mailed to the employee at least 15 days before coverage terminates and the notice must advise the employee that coverage will be dropped on a specified date at least 15 days after the letter date, unless the payment is received by that specified date (30 days).

(B) When the employee has received the 15 day notice and payment is not received by the due date, coverage is terminated retroactively to the last day of the last month that employee premium was received. The agency and PEBB may adjust premiums for one month when the termination is caused by an employee's premium non-payment, this is not rescission.

(C) When coverage is terminated because of the employee's failure to pay the premium share timely and the employee returns from the leave within 12 months from the loss of coverage, the agency must reinstate employee to the benefits equivalent to those the employee would have if the leave had not been taken and premium payments missed. See OAR 1010-20-0045 Returning to Work.

Example:

- John is in a benefit eligible current stability period.
- His August premium share was paid by his agency with his August 1 pay (July pays August). John starts a leave without pay on August 1. His current stability period status allows John to continue enrollment in his health benefits for September, but only if he pays his September premium share to his agency as designated. His agency requires the premium share payments by the 15th of each month.
- John's agency does not receive his August 15 payment for September coverage. The agency sends John a notice of non-payment by August 17. The notice provides a 15 day notice that payment must be made to the agency by September 15 or his enrollment will retroactively terminate to August 31 (the last day, of the last month that premium was paid).
- The agency pays full premium for the September coverage.
- John's payment is not received by September15.
- John's enrollment is terminated back to August 31 and he is sent a COBRA Election Notice. If the agency paid the premiums for September, reconciliation adjustments are made by PEBB and the agency.
- John later returns to work in the middle of September, his previous benefits will reinstate for an October 1 effective date. He does not need to work 80 hours in the month of return for benefits in the following month, because he returned within his current stability period status. (If John was not in a current benefit eligible stability status, or was not in a leave without pay connected to a FMLA, CBIW, or other protected leave, he would need to work 80 hours in the month of return.)

NOTE: Be sure to follow FMLA rules and FSA regs for offers of continued coverage with payment options during protected leaves---- Many agencies will pay regardless of agreement and collect upon employees return to work.

General PEBB Pleadings and Important Dates! ☺

1. Received date stamped on all PEBB forms you receive – received date effects member eligibility and coverage effective dates.

2. Do not hold forms on your desk and then send to PEBB to complete for you because it is now the 8th of the new month.

3. Permanent employees that retire or separate employment, and who return almost immediately in a temporary position with benefits must have an employment termination in PEBB system. The employee must again be entered in the system, but as a benefit eligible temporary employee with new hire date. (167 and 210 PA Code with the correct "Q_" benefit package code)

4. Standard approves all new life coverages or requests for increases, not PEBB, and we do not see that approval until Standard notes the determination in PDB. The coverage is not effective until the first of the month following Standard's approval.

5. **January 15, 2017,** all qualified 2016 Commuter expenses must be submitted to ASIFlex for reimbursement. In late December, PEBB sent an email to employees who participated in 2016 accounts

6. **January 31, 2017**, is the last date for you to accept OE corrections. Forms received in January are effective February 1st, 2017.

7. **February 28, 2017First level appeals for 2016 HEM Participation Status end date,.** First level HEM appeals received beyond this date will not be reviewed, they will be returned to employee.

8. **March 31, 2017 is the claims filing deadline for 2016 FSA Grace Period.** Members with remaining balances in their 2016 FSA accounts have until March 15 to incur claims against the 2016 FSA funds. Employees filing claims beyond March 31 for 2016 funds with ASI Flex will be denied and any remaining balance in the FSA forfeits. http://orpebb.asiflex.com/graceperiod.htm

9. **June1, 2017** there will be a 20% increase in UNUM rates. PEBB does not negotiate UNUM rate increases. UNUM applies to the insurance commission in each state for rate changes.

Happy New Year