DIVERSIFIED GROUP
Your Solution to Health Benefits

Get Eligibility Right the First Time or Pay for It Later

Missing, incorrect, or late information regarding eligibility can lead to mistaken interpretation of coverage, no coverage/denied claims, or incorrect participant information. These can all lead to overbilling, underbilling, and claim payment errors. Additionally, eligibility errors can "over-obligate" the plan by allowing an invalid member to linger on the plan, for example: enrolling in COBRA for 18 months or longer. The ACA prohibits a rescission of coverage except in cases where the individual has engaged in fraud or made an intentional misrepresentation of material fact. This emphasizes the importance of getting eligibility correct the first time!

One area that is often overlooked or not tracked efficiently are the circumstances surrounding when a member ***terminates*** their coverage under the group health plan. Coverage in the group health plan will end *based on the termination language outlined in the plan's medical plan document*. It is important to be aware of these terms and to realize that termination of coverage ***does not necessarily mean termination of employment***. There are situations when a member may no longer be eligible for the health plan while still maintaining their employment with the employer, for example:

- Illness/Disability
- Federal FMLA
- State Continuation/FMLA
- Workers' Compensation
- Leave of Absence
- Reduction of Hours

Termination Pitfalls:

Divorce	This is a difficult area to track as the employer may have to rely solely on the member's notification. Without that, ex-spouses could be left on the plan and only discovered when a claim is filed with stop loss.
Aging Off	Dependents are no longer eligible upon attainment of age 26. Refer to your plan document for the actual coverage end date/qualifying event for dependents.
Workers' Compensation	WC typically leads to a reduction in hours which is considered a COBRA event. Also, if your plan specifies that an employee working under a specified number of hours is not eligible, then extending coverage to someone with reduced hours will contradict the plan and will lead to concerns with stop loss coverage.
Actively at Work	Employees who are left on the plan but are not actively at work can be flagged when a stop loss claim is filed. Medical records and/or payroll records will show that the person could not/was not at work.
Leaves of Absence	Be sure to follow your plan document language as to any continuation of coverage provisions for leaves of absence. FMLA requires continuation of coverage for up to 12 weeks. Various states have implemented paid family and medical leave that will require continuation of coverage for a certain time period. Once this time period is exhausted, employees must be offered COBRA if they have not returned to work.

Termination Pitfalls *(continued)*

COBRA	Be familiar with COBRA rules concerning qualifying events, secondary qualifying events, the timeframe to offer COBRA, and when COBRA can be terminated.
Late Terminations	As a self-funded plan, you are responsible for paying your member's claims. A late termination could mean costly, high dollar claims for medical and Rx being incurred and paid for by the plan for an inactive member.

Diversified Group encourages all plan sponsors to follow its best practices for enrollment, such as:

- Fully completed enrollment forms, annually
- Verification of loss of other coverage
- Verification of marriage, divorce, birth or adoption
- TPA and COBRA adminstrator should be the same or at least working together in real time

The plan administrator has a fiduciary duty to manage a self-funded plan in a manner that serves the best interests of the participants and the beneficiaries. This includes following the instruments of the plan, such as the rules outlined within the plan document. Failure to do so can be costly!

Always contact Diversified with any questions concerning an enrollment, eligibility, or termination.