

DST POLICIES AND PROCEDURES

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Title:	Policy and Procedure on Arrears
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Applies to: NC Department of State Treasurer – SHP and RSD Division

Keywords: Employing Units, Employee Benefits, Employee Premium, State Health Plan, Nonpayment

Background

State Health Plan (SHP) eligibility and enrollment rules are set forth in statute. The categories of eligibility are set forth under the statute and include the following:

- Partially Contributory Coverage (See NCGS §135-48.4(b))
- Fully Contributory Coverage (See NCGS §135-48-4 (d))
- One-half Contributory Coverage (See NCGS 135-48.4(c))

Additional eligibility provisions include:

- NCGS §135-48.41(e) which allows employees on an official leave of absence without pay to elect to continue State Health Plan coverage provided that they pay the full employee and employer contribution through the employing unit during the leave period.
- NCGS §135-48.40(b)(8) which provides for the employer share of the premium for employees whose jobs are eliminated because of a reduction, in total or in part, in the funds used to support the job or its responsibilities for up to 12 months following separation from service.
- NCGS §135-48.40(b)(9) and NCGS §135-48.40(b)(10) which provide for the employer share of the premium for employees on approved leave of absence with pay, receiving Workers' Compensation and on approved Family and Medical Leave.

The statute also mandates when coverage under the Plan ends including the last day of the month for which a premium has been paid in full. (See §135-48.44(a)(9)).

Purpose

The purpose of this policy and procedure is to outline the arrears rules for the State Health Plan when a member is in a category that requires the member to be responsible for paying the full premium or a portion of the premium directly to the employing unit or the Plan's billing vendor. For example, the policy describes what happens when an employee is on an official leave of absence and does not pay their portion of the

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premium to the employing unit or billing vendor by the due date. This policy and procedure for arrears is effective December 1, 2016 and applies to premiums due for coverage months beginning on or after January 1, 2017.

Related Statutes, Rules, and Policies

G.S. 135-48.30

G.S. 135-48.4(b)

G.S. 135-48.4(c)

G.S. 135-48-4 (d)

G.S. 135-48.41(e)

G.S. 135-48.40(b)(8)

G.S. 135-48.40(b)(9)

G.S. 135-48.40(b)(10)G.S. 135-48.44(a)(9)

G.S. 135-48.44(h)(2)

G.S. 135, Article 3B, Parts 1-5.

Policy

Health Benefit Cancellation for Non-Payment

Premium payments are due by the first day of the effective month. The premium payment grace period ends the last day of the effective month. Members who do not pay their premiums in full by the last day of the effective month will have their coverage canceled. If the premium payment is received after the coverage is canceled for non-payment, but the post mark is on or before the last day of the effective month (end of the grace period), the coverage may be reinstated. This applies to members who are partially or fully contributory. If the premium amount due is only for dependent coverage, then only the dependent coverage will be terminated; however, if the premium is for both the subscriber and the dependents, all members of the family will have their coverage canceled.

Non-active members enrolled in a Medicare Advantage plan who are termed for non-payment follow the Centers for Medicare Medicaid Services involuntary termination rules which requires a 21 day notice prior to the termination. Such members and/or their dependents who are terminated for non-payment cannot be reinstated, even with a qualifying life event (QLE) that otherwise under Section 125 would allow for an eligible member who is not covered to enroll.

Any member whose coverage is canceled for non-payment of premium will be eligible to enroll during the next Open Enrollment period.

Roles and Responsibilities

Employing Units: The employing unit is responsible for collecting the member's premium for active employees, including while an employee is on a leave of absence (LOA), FMLA or Workers' Compensation. Employing Units are expected to pay the premiums for these members along with the premiums for other

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active members by the invoice due date. If the employee does not pay the premium by the last day of the effective month, the employing unit should complete the cancellation by the end of the effective month by using the “loss of coverage due to non-payment” reason code in eEnroll. eEnroll will not permit cancellations after the grace period closes. If necessary, the employing unit is responsible for creating a retroactive cancellation exception to be submitted to the Plan, but in no circumstance will the Plan approve a cancellation for non-payment more than sixty (60) days in arrears. If the employing unit does not complete the termination for non-payment within the appropriate time frames, the employing unit is responsible for the members’ premium.

Plan: The Plan is responsible for premium invoicing for non-active members and has contracted with a billing vendor to manage the invoicing and collections for non-active employee members who do not have their portion of the premium withheld from their paycheck or retirement benefit. Non-active members are those members whose eligibility is not directly through an employing unit. Non-active members include: COBRA participants; retirees; former employees with fully contributory coverage post reduction in force (RIF); former members of the General Assembly; and surviving dependents. The Plan is also responsible for managing any exceptions related to cancellations for non-payment.

The examples below illustrate how premium collection should be managed.

- Example 1:**
- 1) Premium due for member on 12-Month RIF 5/01/16
 - 2) Member pays billing vendor on 5/28/16
 - 3) Member continues coverage
- Example 2:**
- 1) Premium due for 12-Month RIF employee only 80/20 coverage on 5/01/16
 - 2) Member remits payment on 7/3/16
 - 3) Member coverage had already been canceled 4/30/16 and will not be Reinstated
 - 4) Late premium payment is refunded
- Example 3:**
- 1) Premium due for 12-Month RIF member on 5/01/16
 - 2) Member pays billing vendor on 6/10/16, but the envelope is postmarked 5/30/16
 - 3) Member coverage, which has already been terminated, will be reinstated
- Example 4:**
- 1) Premium due for member and family on CDHP with all wellness credits on 5/1/16. (employee share of premium is zero in this scenario)
 - 2) Member pays billing vendor on 6/15/16
 - 3) Member’s dependents have already been canceled and will not be reinstated
 - 4) Late premium payment is refunded

The examples below illustrate possible exception scenarios.

- Example 1:** 1) Premium due for member on LOA 5/1/06

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- 2) Member does not pay by 5/30/16 and employing unit does not process cancellation
- 3) Employing unit request exception to cancel member 4/30/16 on 6/15/16
- 4) Plan approves exception and member is terminated 4/30/16

- Example 2:**
- 1) Premium due for member on LOA 5/1/06
 - 2) Member does not pay by 5/30/16 and employing unit does not process cancellation
 - 3) Employing unit requests exception to cancel member 4/30/16 on 8/3/16
 - 4) Plan approves a 6/30/16 termination
 - 5) Employing unit is responsible for the member’s May and June premium

Nature of the Policy

The policy and procedure serves as a nonbinding interpretative statement, within the delegated authority of the Department of State Treasurer that defines, interprets, or explains the meaning of the laws and/or regulations listed above. Those laws or regulations, not this Policy, shall take priority if they conflict in any way.

Implementation Procedure

- 1. Publish the policy on the Health Benefits Representative and Member dedicated sections of the State Health Plan website.
- 2. Distribute the policy through an HBR newsletter.
- 3. Include the policy in HBR trainings.
- 4. Update the benefit booklets with the policy.
- 5. Include information for non-active members in the materials sent by the Plan’s billing vendor.
- 6. Provide policy and future revisions to the Deputy Director of the Retirement Systems Division.

Revision History

Version/Revision	Date Approved	Description of Changes
V1.		New Policy

*For questions or clarification on any of the information contained in this policy, please contact the policy owner or designated contact point: Caroline.Smart@nctreasurer.com. For general questions about department-wide policies and procedures, contact the **DST Policy Coordinator**.*