

3 GROUP BENEFIT LIABILITIES all Plan Administrators need to be aware of

As a Plan Administrator you are responsible for the health and wellness of your employees as well as their families.

1. ENROLLMENT

Remember to enroll employees and their dependents within 31 days of their eligibility date to avoid late application.

The eligibility date refers to the date the applicant is permitted to join the group plan. With respect to employees, this refers to the date the waiting period ends or the date alternate coverage ends. For dependents, it is determined by when the dependent was considered an eligible applicant. This can be either at initial enrollment or a later date (for example, the dependent had alternate coverage that ended within the last 31 days or their marital status changed part way through).

To be considered an eligible spouse you must either be married or in a common law relationship. Common law spouses must have been living with the primary certificate holder for a minimum of 12 months. Children must be either the biological/adopted or step child of the primary certificate holder and must be below the maximum age for a child or full-time student. The ages vary carrier to carrier and policy to policy. Details are outlined in your employee handbook.

If you do not enroll your employees and/or their dependents within 31 days of their eligibility, they may be required to provide evidence of insurability. Evidence of insurability is a medical questionnaire which may or may not need proof of medical history from a doctor. Each applicant would be required to complete a medical evidence form. Not only is this process quite cumbersome for the applicant, there is no guarantee that they will be approved.

Be aware that you as the employer may be liable for any claims that incur IF you were the reason why the employee or their dependents were late. The best way to avoid this type of situation, is to enroll employees as soon as they are hired. Their start date will be future dated, so no need to worry if they leave your company prior to completion on their probationary period. Also, explain to your employees why they need to let you know when they have life event changes.

2. INCOME UPDATES

Make sure you are always up to date on salary adjustments as this will affect all salary driven benefits such as Life Insurance, Accidental Death and Dismemberment, Accident and Serious Illness, short term disability and long term disability.

Incorrect earnings updates will not only result in incorrect premium billing. It will result in the incorrect payment being made to your employee or their dependents in the event of a death, illness or injury.

Retroactive adjustments can be made up to 90 days (depending on your carrier) but, it is best to avoid causing any additional stress for your employees and their dependents when they are already dealing with a death, illness or injury.

It is your duty as a plan administrator to report all salary changes as they occur.

3. STATUS UPDATES

As a Plan Administrator, you are responsible for keeping all terminations, class changes, leaves of absence and family status changes up to date.

With respect to terminations, leaving a terminated employee on the plan may affect your claims experience resulting in an increase in your overall premiums. If you forget to remove an employee after they leave your company, they still have full access to their benefit plan. Not only would you be responsible for their extended health and dental benefits, you could be responsible for any life claims that arise during that time. Any claims incurred will not be charged back to the employee and the termination date can only be backdated to the date of last claim if any of the benefits were used.

Class Changes must be made in a timely manner to ensure your employees receive only the benefits they are entitled to.

Leaves of Absences must be updated on time there may be benefits that should be active or terminated due to the status of that employee. Also, there may also be premium waivers that should be applied.

Family status changes refer to a new marriage, a divorce or separation, a death, a birth or student status update. These life event changes must be reported within 31 days of the date of change or you may be risking late application.

For example, an employee would like to add their new baby and new spouse to the plan. The baby's effective date would be the date of birth and the spouse's effective date would be the date of marriage. If over 31 days passes from either of those effective dates, both the baby and the spouse would be considered late applicants and would both need evidence of insurability forms. As previously mentioned there is no guarantee the applications will be approved and YES I have seen babies declined for coverage.

Please remember to add, remove and update plan members on time.

Don't forget to keep your enrollments, income updates and status updates current.

You will save yourself and your employees a lot of unnecessary stress.