

# **FAQ**

## **Group Health Insurance**

**Last updated:  
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### **What is Group Health Insurance?**

- 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 the following:
  - One to fifty 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 5<sup>th</sup>. He has a 60-day probationary period before he can enroll in the group health plan. He will have to work until August 4<sup>th</sup> to be eligible and then he can enroll on September 1<sup>st</sup>.
    - Example #2: Sally's hire date is June 1<sup>st</sup>. She has a 60-day probationary period before she can enroll in the group health plan. She will have to work the full 60 days which would be July 31<sup>st</sup>. She can now enroll on August 1<sup>st</sup>.
  - 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 he/she becomes a "late enrollee"
  - A "late enrollee" cannot enroll at a later date of their choice. They can only enroll on the health plans' 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.

### **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 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 the end of the month 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 with is send 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. I 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 Sterling (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 are not required by law to notify employees of their state continuation rights as they are with COBRA.
  - In either case, employees **MUST** complete an enrollment form in order to continue on your plan. They can't simply write you a check each month without completing a form.

## **What if my employee needs 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.

## **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

## **Billing Questions:**

For billing questions, it is also best to contact the insurance company first. The phone number and the contact person is 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 of which you need clarification. Each monthly billing notice will include the contact information of your billing rep and a form to send it noting adds/drops of employees. Adds require an enrollment form. 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.

## **Group Health Plan Liabilities:**

In addition to the legal requirements which arise from COBRA, there are legal requirements which arise from HIPAA and ERISA.

In the last year of the Obama administration, the Department of Labor 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 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 hire professionals to help protect you from these legal liabilities. They do everything from administrate your COBRA notices & billings for employers with 20 or more employees, to help insure various notices are sent out regarding HIPAA, ERISA, etc., for employers with fewer than 20 employees. One such Third Party Administrator is Sterling. We use Sterling (The Administrative Service Company) here at our company. We are **absolutely convinced** that if you cannot afford professional administration to help protect you from these liabilities, and/or you can't take the time to 'do it yourself', then you cannot afford a group health plan. Basic services from Sterling for employers with fewer than 20 employees start at \$500/year.

- Tara Kuck is the Sterling sales rep in our area:

email: Tara.Kuck@sterlingadministration.com

phone: 800.422.4661 x4834

- It is possible to 'do it yourself' in this area of liability. 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:

Tomlin Health Insurance  
Office: (541) 343-1999  
Fax: (541) 342-8164  
1142 Willagillespie Road, Ste 10  
Eugene OR 97401

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.