

# Innovation Health Administrative Handbook

## Small Business Employers

For groups with 1 – 50 and  
51 – 100 employees



# We're committed to the health of your business.

Health savings account (HSA) services are independently offered and administered by HSA custodians or vendors selected by employers or members. Health benefits and health insurance plans are offered and/or underwritten by Innovation Health Insurance Company and Innovation Health Plan, Inc. Innovation Health Insurance Company and Innovation Health Plan, Inc. are affiliates of Inova and of Aetna Life Insurance Company and its affiliates (Aetna). Aetna provides certain management services to Innovation Health.



## Welcome

Thank you for choosing Innovation Health for your company's health plan. You've made a great choice. Investing in your employees' health care will pay off today — and tomorrow.

We've designed this handbook so you can get back to doing what's most important to you — running your business!

The information you'll need to administer your group plan is summarized here.

There's also a contact section on page 5, if you have questions.

### **The handbook is easy to scan quickly for what you need**

That's important. You'll need to understand the provisions of your plan, particularly the need to submit timely and accurate data. All of this is described in this handbook.

At times, you may notice terms or references that do not apply to your plan.

No worries. The actual terms of your plan are spelled out in your plan documents.

See page 11 to learn more about plan documents.

We are working hard to simplify health insurance decision making and administration.

**Let us know what we can do to make your job easier.**

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# Customer service — at your service

Have a question or a problem with your group plan? Need to order forms? We're here to help!

When you contact us, have your group plan's control, suffix and account number handy. We'll probably ask for them.

Calling about an employee? You'll need the employee's member ID number, too.

## Contact us

You, your employees and their families can call Member Services with questions. The numbers are listed below and also on their ID card.

Our state-of-the-art voice recognition telephone service offers a choice of self-service options, for simple and everyday questions. In seconds, it will get you and your employees to the right customer service professional.

Our phone service can help employees:

- ▶ Check eligibility and benefits coverage
- ▶ Check the status of a claim
- ▶ Request a replacement ID card
- ▶ Review activity on flexible spending accounts
- ▶ Get contact information

## Small Group plans

### Member Services:

**1-855-330-4545**

### Claims mailing address:

Attn: Claims Reimbursement  
PO Box 981106  
El Paso, TX 79998-1106

## Forms and supplies

You can get the forms you need to administer your plan by calling your service representative or Member Services at **1-855-330-4545**.

## The health of business — well planned

If you have any questions, call us and we can help you.

Contact One toll-free number	Hours of operation
<b>1-855-319-7290</b> <small>*administered by Aetna</small>	8 a.m. – 5 p.m. ET



# Health care reform

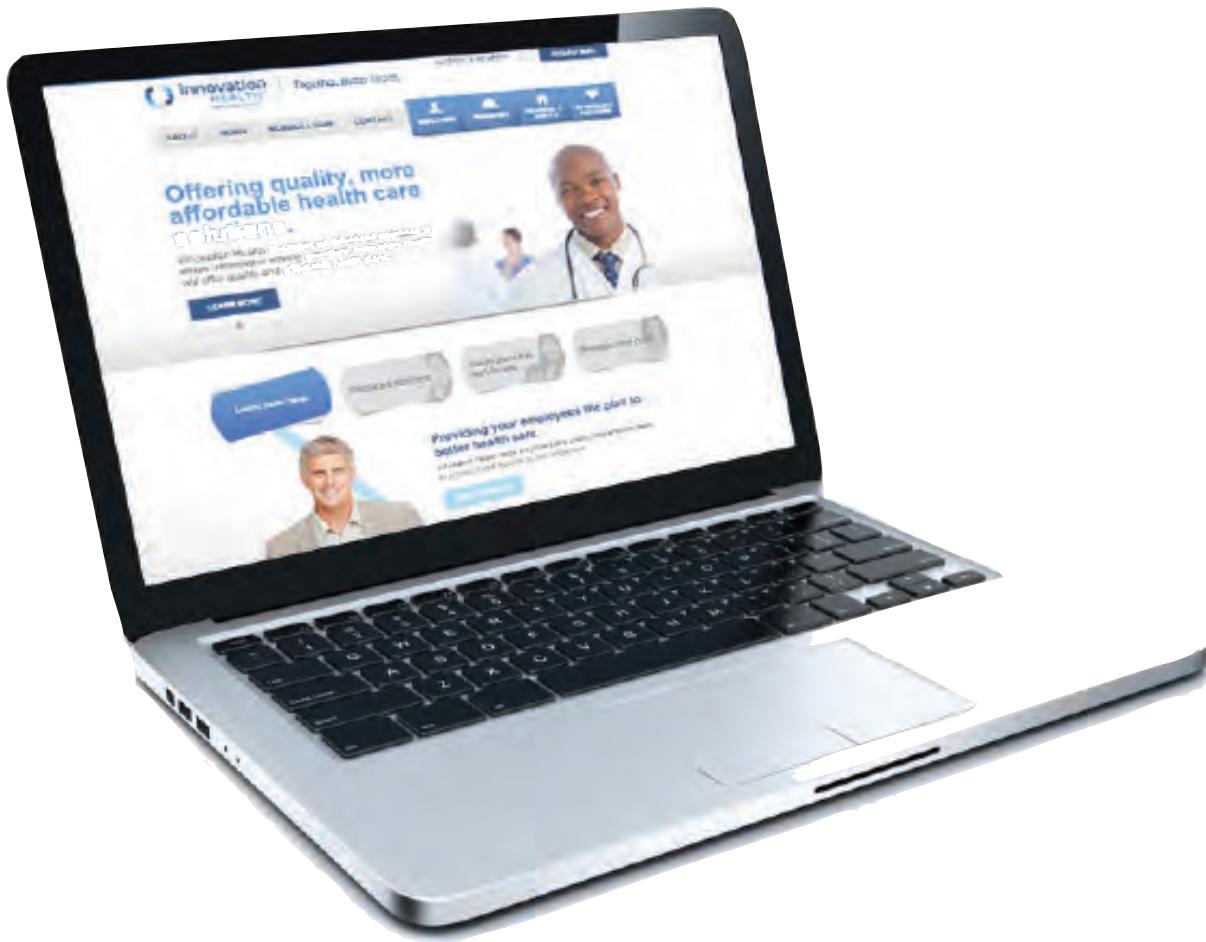
## What you need to know as an employer

As an employer, you need to know how the health care reform law impacts the health care landscape.

The Affordable Care Act (ACA) is the driving force in health care today. We remain focused on implementing provisions of the ACA, fostering and sustaining compliance with the law, and helping our customers achieve the same.

You can find what you need to know about health care reform on our website at [innovation-health.com/health-care-reform](http://innovation-health.com/health-care-reform).

To learn more, visit  
[innovation-health.com/  
health-care-reform](http://innovation-health.com/health-care-reform).





## Online benefits tool

### Your business and your Innovation Health plan were made for each other

Health insurance doesn't need to be complicated. With just three simple steps for you and your employees, you can get back to what really matters to you — running your business.

#### For your business:

##### Ready, set up, go

Our online tools give you access to all of your benefits online.

1. Register today at [innovation-health.com/employers](http://innovation-health.com/employers).
2. Enroll your employees with the online enrollment tool.
3. View bills online.

#### For your employees:

##### Life with an Innovation Health plan

We also have a secure member website for all the great tools, programs and perks that are included in your health plan.

1. Ask your employees to sign up for their secure member website through [innovation-health.com](http://innovation-health.com). It's also a good idea for you to sign up.
2. Complete an online health assessment.
3. Turn off paper and start viewing all your communications online.

# Enrollment – getting employees and dependents covered

This section of the manual has two parts:

1. Eligibility
2. Enrollment

## Eligibility

The first section deals with employee eligibility and how they enroll. Say, for example, your group plan includes health coverage. This section explains how an employee's late enrollment may affect the coverage start date.

## Enrollment

The second section lists the most common events that affect benefits changes and what you need to do. It shows, for example, how to add new dependents or end coverage when employment ends.

Most of your administrative work is likely to be enrollment and benefits changes. That's why it's so important to get to know this section.

Pay particular attention to what needs to be included on an enrollment or change form. You'll avoid problems caused by delayed enrollment or missing information.

## Participation

### Noncontributory plans

(Employer pay all)

- ▶ 100 percent participation is required, excluding all valid waivers.

### Contributory plans

#### 1 to 50 eligible employees:

- ▶ 60 percent of eligible employees must enroll, excluding valid waivers, rounding down to the nearest whole number.
- ▶ Groups that do not meet the participation requirements are eligible to enroll during open enrollment period, November 15 through December 15, for a January 1 effective date.

#### Example:

12 eligible; 4 valid waivers  
12 minus 4 = 8 X 60% = 4.8 = 4 must enroll

#### 51 to 100 eligible employees:

- ▶ Groups that do not meet participation may have an additional factor applied.
- ▶ 75 percent of eligible employees must enroll, excluding valid waivers, rounding down to the nearest whole number.

#### 1 to 100 eligible employees:

- ▶ Dependent participation is not required.

## Eligible members of the family

When an employee joins an Innovation Health benefits and insurance plan, their spouse and dependent children are eligible to join the plan. If eligible dependents do not sign up at open enrollment or when they become eligible, they must wait until the next open enrollment period.

Note: To be eligible for enrollment under a parent's policy, dependent children must be unmarried, under 26 years of age and reside in the Innovation Health service area. These guidelines apply unless your company has requested a special dependent age extension or other contract change, or unless state law mandates otherwise.

## Disabled dependents

Dependent children over the limiting age who cannot support themselves because of a disability may continue to be covered as a dependent as long as:

- ▶ The condition existed before the child reached the limiting age
- ▶ The child is currently covered as a dependent
- ▶ The child's condition is documented by a doctor
- ▶ An Innovation Health medical director has approved the exception

## Grandchildren

Grandchildren are generally not eligible unless there is a court order. If so, provide a copy of the court order. A few states mandate coverage for grandchildren. Consult your broker or Innovation Health service representative.

## Please do not mail enrollment/change forms with your monthly payment

Since we receive payments at a bank lockbox, not at an office, doing so would delay the processing of any enrollment changes.

## Changes to effective and employment dates

An incorrectly reported employment date can affect the original effective date.

That's why we require payroll records and a written confirmation signed by you and the employee to change an employment or effective date.

We honor retroactive effective or employment date changes only if there's been a clerical error on your company's part. We limit them to two months' premium adjustment from the original process date.

## How the probation period affects your employees

You choose the probation period when you first enroll your group. By probation period, we mean the period of time before a new employee can join the group plan. This period cannot be changed until the plan's next renewal date.

- ▶ **Eligibility date:** By "eligibility date," we mean the date your employees can first use their group plan benefits.
- ▶ **What to do:** To be eligible for coverage, the employee must sign and return the enrollment form within 31 days of their eligibility date. **We suggest you enroll employees as soon as they are hired to avoid being late.**
- ▶ **Late enrollee:** This means someone who does not enroll within 31 days of the eligibility date. Look at the late enrollees section that follows. It will tell you how coverage may be affected.
- ▶ **Part time to full time:** Do you employ part-time employees but only offer coverage to full-time employees? If an employee goes from part time to full time, that person does not have to serve the probation period — as long as the employee has already been working for the length of the probation period. Employees who go from part time to full time will be eligible for benefits the day they become full time, once the probation period has been met.
- ▶ **Terminated and rehired:** Employees who leave the company and are then rehired within one year do not have to serve a new probation period before they become eligible for benefits.

### ▶ Employee out of work because of illness or injury:

If an employee is away from work because of illness or injury on the date any coverage other than health coverage would have taken effect, coverage does not start until the employee returns to work for one full day.

If an employee has signed up for dependent coverage, this coverage usually begins when the employee's coverage begins. New dependents not enrolled within 31 days of their birth or adoption may be subject to late-enrollee requirements. You can read about those in the late enrollees section.

## Let's look at these examples:

### Jim Smith

- Jim has a three-month probation period.
- He is hired on January 1 and enrolls in your group plan immediately.
- Since Jim must first serve his probation period, his coverage is effective April 1.

### Sally Johnson

- Sally has a three-month probation period.
- She is hired on January 1, making her eligibility date April 1.
- On April 24, she gives her signed enrollment form to you.
- She can be covered, since she signed and returned her enrollment form to you within 31 days of her eligibility date.
- Her coverage becomes effective on April 1.

### Richard Jones

- Richard has a three-month probation period.
- He is hired on January 1, making his eligibility date April 1.
- On May 19, he gives his signed enrollment form to you.
- Since Richard did not enroll within 31 days of his eligibility date, he must wait until the next annual open enrollment period, or HIPAA qualifying event, to enroll for health coverage. (See the HIPAA qualifying events section.)

## How to handle late applicants

Employees who ask to enroll more than 31 days from the date first eligible must wait for the group's next open enrollment period.

By late enrollees, we mean those who enroll more than 31 days after the original eligibility date or the date of the HIPAA qualifying event. (See the HIPAA qualifying events section.)

**Late enrollees** can also be those affected by a state legislative mandate who ask to enroll more than 31 days after open enrollment ends.

The late applicant must reapply for coverage 30 days before the plan's anniversary date. By anniversary date, we mean 365 days after coverage first began.

## Enrollment period

The employee should return the dated and signed enrollment application to you within 31 days of the eligibility date of the employee or dependent.

## Special enrollment periods

An employee or dependent may be eligible for enrollment under what we call "**a special enrollment period**." This can happen if they did not choose our coverage because they were already covered under another group plan and then lost that coverage because of one of the **HIPAA qualifying events** listed below.

**HIPAA** stands for the Health Insurance Portability and Accountability Act. This federal act ensures the privacy and security of health information.

Your employees and/or their dependents will generally be allowed to enroll in your group plan without delay as long as they elect coverage within 31 days of the date they lose coverage.

You can find other limitations and exceptions to your plan's late-enrollee rules in your plan documents.

An applicant who experiences a qualifying life status change may also be able to enroll outside the open enrollment period. By "qualifying life status changes," we mean births, adoptions, marriage, divorce and other "life-changing" events.

## Under HIPAA special enrollment rules, employees and/or their dependents can enroll in the plan as late enrollees when any of these happen:

- ▶ COBRA or state-mandated continuation ends (18/29/36 months must be exhausted) (see COBRA section for more information)
- ▶ Coverage ends for disabled children (handicap coverage)
- ▶ An employee's status changes from full time to part time
- ▶ The spouse's or dependent's coverage is lost because a company goes out of business
- ▶ Death
- ▶ Divorce or legal separation
- ▶ A company ends the medical plan
- ▶ A company ends combined medical and dental coverage
- ▶ Layoffs
- ▶ Loss of Medicaid
- ▶ Retirement of spouse
- ▶ Termination of employment

## More HIPAA qualifying events:

- ▶ Dependent moves out of an HMO service area with no other option available under the plan
- ▶ Plan stops offering dependent coverage
- ▶ Dependent status is lost
- ▶ Ending of benefits-package options, unless a substitute is offered

Employees may be allowed to enroll for other coverage, such as life insurance and accidental death and personal loss plans, before the annual open enrollment. They can do so, though, only if they satisfy our requirements for what we call **evidence of insurability**. Evidence of insurability means the employee must complete an individual health statement and may have to submit medical records, at their expense.

For questions on late enrollment or HIPAA, contact us by calling the toll-free phone number on your monthly statement.

## Duplicate coverage

Your group plan may not allow individuals to be covered both as an employee and as a dependent. In addition, no one may be covered as a dependent of more than one employee, unless state law requires it. Your representative can give you more information on what your plan requires.

## ID cards

ID cards are issued for medical coverage so that physicians, hospitals and other health care professionals can verify coverage and bill Innovation Health for services rendered. ID cards vary according to the plan selected and state legislation. The cards may contain the following information:

- ▶ Customer name (employer)
- ▶ Control, suffix and account number or group number
- ▶ Employee's name/dependent's name
- ▶ Member number
- ▶ Primary care physician (PCP) telephone number (if applicable)
- ▶ Copay amounts (if applicable)
- ▶ Claims office address and phone number
- ▶ Member Services toll-free number

## Use medical ID cards for Rx, if included in plan

Many pharmacies will not accept insurance unless the member presents their member ID card (members may have a plastic or digital ID card).

Members who have not yet received their ID cards may still have their prescriptions filled at a participating pharmacy. Reminder: Your employees can also print their ID cards by accessing their secure member website from **innovation-health.com**.

Once they get their ID card, they can submit a claim for any expenses paid to date (without using an ID card). Just send us a copy of the prescription receipt with their member ID number marked on it. We will then reimburse them for the cost, less their copayment. (Copayment is the fixed dollar amount an employee pays when they visit the pharmacy or doctor.)

The pharmacy directory contains a list of local participating pharmacies. So does our online directory search tool at **innovation-health.com**.

Innovation Health members will receive pharmacy benefits from Aetna.

## Making new employees feel welcome

You can help new employees feel welcome by making benefits enrollment a part of the hiring process.

Give your new hires our enrollment materials and benefits literature, so they can make informed decisions. Down the road, you'll also help to avoid claims problems caused by delayed enrollment or missing information.

Here is some information you may wish to share:

- ▶ An enrollment form with instructions
- ▶ A copy of your specific plan documents (such as Booklet-Certificate\*)
- ▶ A privacy notice

## Enrollment form

Contact your broker or Innovation Health service representative for a supply of enrollment forms.

## Plan documents

Your plan documents describe your plan's benefits and limitations. If you offer your employees more than one plan of benefits, for example, PPO or Open POS, you should give employees a copy of each document.

Plan documents include:

- ▶ Group Policy
- ▶ Schedule of Benefits
- ▶ Certificate of Coverage
- ▶ Evidence of Coverage
- ▶ Group Agreement
- ▶ Group Insurance Certificate Booklet
- ▶ Booklet-Certificate

## Privacy Notice

The Privacy Notice describes our privacy policy. This applies to the employee as a covered person in a plan of group insurance insured by Innovation Health. This notice is not required if your group plan is an administrative services contract.

The Privacy Notice is not part of either the group agreement or the employee's plan documents. To help employees keep their health benefits-related material organized, however, we bind it into the Booklet-Certificate. If your plan includes insured coverages and you want to produce your own Summary Plan Description, we are happy to provide you our privacy policy. It's a convenient way for you to furnish notice to your employees.

The Gramm-Leach-Bliley Act (GLBA) regulates the disclosure of a patient's non-public personal information by financial and insurance institutions. It requires us to distribute a Notice of Privacy Practices to plan sponsors and subscribers of our fully insured benefits plans. Notices are mailed to members and are included in standard enrollment packages.

## How we guard privacy

The Notice of Innovation Health's Privacy Practices describes our privacy policy. We distribute this to members as the law requires. The notice is required by the federal HIPAA Privacy Rule and also by individual state GLBA Privacy Regulations.

It may vary depending on the insured product. Product-specific versions of the notice are on our website at **innovation-health.com/privacy-notices**.

\*If you elect to produce your own Summary Plan Description (SPD) in lieu of using plan documents produced by Innovation Health, please be sure to provide the employee with a statement of their rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA), if you have established an ERISA plan. We can assume no responsibility for providing this statement.

## We protect your privacy

We consider personal information to be private. Our policies protect your personal information from unlawful use. By "personal information," we mean:

- ▶ Information about your physical or mental health
- ▶ Information about the health care you receive
- ▶ Information about what your health care costs

Personal information does not include what is available to the public. For example, anyone can access information about what the plan covers. It also does not include reports that do not identify you.

## Summary of the Innovation Health Privacy Policy

When necessary for your care or treatment, the operation of our health plans, or other related activities, we use personal information within our company, share it with our affiliates, and may disclose it to:

- ▶ Your doctors, dentists, pharmacies, hospitals and other caregivers
- ▶ Those who pay for your health care services, including health care provider organizations and employers who fund their own health plans or who share the costs
- ▶ Other insurers
- ▶ Vendors
- ▶ Government authorities
- ▶ Third-party administrators

These parties are required to keep your information private as required by law.

Some of the ways in which we may use your information include:

- ▶ Paying claims
- ▶ Making decisions about what the plan covers
- ▶ Coordination of payments with other insurers
- ▶ Quality assessment
- ▶ Activities to improve our plans
- ▶ Audits

We consider these activities key for the operation of our health plans. If allowed by law, we usually will not ask if it's okay to use your information. However, we will ask for your permission to use your information for marketing purposes. We have policies in place if you are unable to give us permission to use your information. We are required to give you access to your information. You may also request corrections to your personal information. We must fulfill your requests within a reasonable amount of time.

If you'd like a copy of our privacy policy, call the toll-free Member Services number on your ID card or visit us at **innovation-health.com**.

## Your right of access and correction

You have a right to learn the nature and substance of any information we have in our files about you. You may also have a right of access to such files, except information that relates to a claim or a civil or criminal proceeding, and to ask for correction, amendment or deletion of personal information. This can be done in states that provide such rights and that grant immunity to insurers providing such access.

If you ask for any health information, we may disclose details of the information you ask for to your doctor. If you wish to exercise this right or if you wish to have more detail on our information practices, contact:

Innovation Health  
Executive Response Team, MCAF  
151 Farmington Avenue  
Hartford, CT 06156

# Enrollment — what you need

For initial enrollment of your employees, if needed, you can get enrollment forms from your broker or Innovation Health service representative.

To make other enrollment changes and manage your benefits plan, log in at [innovation-health.com/employers](http://innovation-health.com/employers).

Some employers will be eligible to complete their entire enrollment online. For those who need to use enrollment forms, we cannot always accept custom enrollment forms from full-risk or self-insured businesses. That's because these forms need advance approval. They also may need to be filed with the appropriate regulatory authority in the state in which the business is written.

During enrollment you will be asked to provide the following information.

## When you enroll a new or rehired employee, you need:

### Group information

#### Your company's name

**Your company's address:** This is your primary business location.

#### Control or customer account numbers

**Plan description:** The plan identifies the benefits you have selected.

### Activity information

**Type of activity:** New enrollee or rehire (check one) and include the employee's date of hire.

**Effective date of activity:** This is the date the employee's coverage starts. For example, if an employee starts work on February 1 and has to serve a two-month probation period, you should show April 1 as the effective date.

### Employee information

**Employee's Social Security number (SSN):** Necessary for the employee's ID number.

**Employee's name:** The employee should list their full name (last, first, middle initial). Do not use nicknames.

**Employee's address:** Street, city, state, ZIP code.

**Employee status:** Indicate whether the employee is active, COBRA or state continuation.

**Employee's sex:** "M" for male and "F" for female.

**Phone numbers:** The employee's home and work phone numbers.

**Earnings:** If benefits (for example, life insurance or disability coverage) are based on earnings, indicate the employee's weekly, monthly or annual salary in whole dollars.

**Individuals covered:** Transaction type: Show "A" for adding new coverage.

**Relation code:** Spouse

- ▶ H = Husband, common-law spouse or civil union partner
- ▶ W = Wife, common-law spouse or civil union partner
- ▶ Y = Sponsored male (domestic partner)
- ▶ X = Sponsored female (domestic partner)

**Relation code:** Children

- ▶ S = Biological, adopted, stepson or any other unmarried child the employee supports under the plan's limiting age who lives with the employee in a parent-child relationship (that is, grandson, domestic partner's son, nephew, foster child, etc.)
- ▶ D = Biological, adopted, stepdaughter or any other unmarried child the employee supports under the plan's limiting age who lives with the employee in a parent-child relationship (that is, granddaughter, domestic partner's daughter, niece, foster child, etc.)

**Name:** The employee should list their dependents' full names (last, first, middle initial). Do not use nicknames.

**SSNs:** List the SSNs of any dependents being covered. If a dependent does not have a SSN, indicate "none."

**Birth date:** The employee must list their birth date and the birth dates for all dependents.

**Dependent addresses:** List if different from the employee's. For example, list dependent children attending school.

**Prior insurance plan:** Check "yes" if the employee and/or dependents had prior health coverage, and list the information in the space provided.

**Other health coverage:** Check "yes" if the employee and/or dependents have other health coverage, and list the information in the space provided.

**Currently covered by Medicare:** Check "yes" if the employee or dependent is eligible for Medicare coverage.

**Handicapped children:** Check "yes" if the employee is enrolling a handicapped child.

**Primary medical office ID number:** If your group plan requires the selection of a PCP, list the doctor's name and provider ID number for the employee and each dependent. Generally, employees will want to choose a PCP for themselves and any eligible dependents when they enroll.

**Previously seen:** Check "yes" if the employee or dependent has seen the PCP before.

## Signatures

**Employee's signature:** The employee must sign and date.

**Employee's email address:** Optional.

**Your signature:** You as the employer must sign and date if completing enrollment using a form.

## For employees and retirees on Medicare

### Activity information

**Effective date of activity:** This is the date the employee and/or dependent spouse becomes eligible for Medicare.

### Change section

Check the "other" box and fill in Medicare primary. If the employee or spouse is eligible for Medicare because of disability, use the "Special Remarks" section to indicate so. Before making this change, please see the Medicare section of this manual.

### Employer information

**Your company's name:** If not already preprinted, please add.

**Control, suffix and account number:** Fill in the prior control, suffix and account number.

### Employee information

**Employee's SSN:** List employee's ID number.

**Employee's name:** The employee should fill in their full name (last, first, middle initial). Do not use nicknames.

### Individuals covered

**Transaction type:** Fill in "C" for changing coverage.

**Relation code:** Use the following abbreviations to indicate the relationship of the dependent to the employee:

- ▶ W = Wife
- ▶ H = Husband

### Covered by Medicare

Check "yes" if the employee or spouse is eligible for Medicare coverage.

### Signatures needed

**Employee's signature:** The employee must sign and date the form.

## Termination and continuation of coverage

You might be able to complete these transactions online. Please log in at **innovation-health.com/employers** and check your account to see if the plan is listed. If your plan is not listed, then you should follow the steps below on the enrollment or change form.

### Activity information

**Effective date of activity:** This is the date the employee and/or dependent of the employee is eligible to elect continuation (for example, COBRA).

**Termination section:** Check the “terminating employment” box AND check either or both continuation boxes.

### Employer information

**Your company's name:** If not already preprinted, please add.

**Control, suffix and account numbers:** If not already preprinted, please add.

### Employee information

**Employee's SSN:** List employee's ID number.

**Employee's name:** The employee should fill in their full name (last, first, middle initial). Do not use nicknames.

### Signatures needed

**Employee's signature:** The employee must sign and date the form.

## Update enrollment information online

You can save time by completing the following enrollment tasks using our online benefits tools. Simply log in at

**innovation-health.com/employers** to do the following:

- ▶ Add, change or delete dependents
- ▶ Remove coverage for dependents
- ▶ Terminate coverage
- ▶ Change an employee's name or address
- ▶ Change a plan
- ▶ Change earnings and/or insurance amounts
- ▶ Remove multiple employees and dependents from coverage due to termination, reduced hours, death, divorce, legal separation, entitlement for Medicare coverage, age or other reason

## Annual renewal plan changes

The annual renewal period is the time of year when you and your employees can re-evaluate your health benefits needs, select the plan(s) that best meets those needs and make contract changes.

The timing of the annual renewal greatly affects the service your members receive. We will provide the renewal 30 – 60 days before your renewal date, based on the state's renewal notification lead time. Submit any changes to us within the specified time frame on your renewal proposal. We cannot accept plan changes submitted after the date listed in the letter.

### Plan changes

Plan sponsors who choose an alternate plan at renewal must have all completed paperwork into the underwriting area 10 business days before the renewal date. If final selections are not submitted within 10 days of the effective date, plan sponsors may be subject to material modification guidelines.

# Billing

If you are eligible for eBilling, you can save time by using our online tools to complete your billing tasks. Simply log in at [innovation-health.com/employers](http://innovation-health.com/employers).

## Information about invoices

Bills are generated about the 1st or 18th of each month, depending on your billing cycle.

Here's how it works.

- ▶ For a group that became effective on the 1st, the bill will be prepared on approximately the 18th of the preceding month.
- ▶ For a group that became effective on the 15th, their bill will be prepared on approximately the 1st of that month.

Check your invoice carefully. Make sure all eligible employees or activity between last invoicing date and the current invoicing date are included on the statement and that premiums are correct. Notice a mistake? Call the phone number on your invoice.

It is important to pay as billed within the 31-day grace period to avoid a possible lapse of coverage.

Paying as billed means paying the "Total Amount Due" shown on the billing summary and then waiting for submitted adjustments to appear on a later billing invoice.

If your policy lapses for nonpayment 3 times within a 12-month period, you will not be eligible for reinstatement.

**Note:** Premiums for new employees who are enrolled off cycle of the policy month may not be charged until the first full policy month of enrollment.

**Note:** If you have both Innovation Health and Aetna products you will receive separate invoices.

Make checks payable to the company as it is listed on your payment stub.

## Do not send any other request or correspondence with premium payments.

## Invoice information

1. **Prepared date:** The date the statement was prepared.
2. **Invoice number:** Unique to every bill.
3. **Triad number:** The number for the service center assigned to your account.
4. **Your account number:** You should put this on all correspondence and forms.

5. **Bill package:** The number assigned at plan setup.
6. **Coverage period:** The time period for which you are being billed for coverage.
7. **Customer name and address:** The name and address of the customer to which the invoice will be sent.
8. **Payment due date:** Date that payment is due.

## Summary of account

The summary of account is a summary of all due and paid activity that occurs on your account.

1. **Opening balance:** The balance due from earlier months.
2. **Current in-force charges:** The current charges based on active membership as of the prepared date.
3. **Retroactivity and other adjustments:** Charges for activity that has not been billed before, or adjustments to amounts billed earlier.
4. **Net charges:** The total of current in-force charges plus retroactivity and other adjustments.
5. **Paid date:** The deposit date of payment(s) received. The number of entries displayed in this section may vary. That's because it is based on the number of payments received since the last invoice.
6. **Payment ID:** The identifier associated with the payment(s) received. This is usually a check or wire transfer number.
7. **Total payments received since last invoice:** The total of payments received since the last invoice.
8. **Amount due:** The total amount due on the account as a result of the cumulative balance.
9. **Current admin/other adjustment charges:** Any manual or systematic adjustments that are processed to the account.

## Message section

This section of your statement includes some messages that apply to your account. It may include important information about your agreement and payment terms.

### Important remittance information

The payment stub summarizes your invoice information and the total amount due. Please return this portion with your payment.

To be sure that claims payments are not interrupted, be sure to mail your payment by the due date listed on your payment stub.

Please pay the total amount due listed on your invoice each month.

It is your responsibility to:

- ▶ Verify and check each monthly statement for accuracy
- ▶ Submit any eligibility transactions if needed to accurately reflect on the next premium statement

Make your checks payable to the company as it is listed on your payment stub. Include the remittance stub, and use the mailing envelope provided.

### Plan key

The plan key, on the back of the invoice summary page, lists the products and plan types that your membership is enrolled in. We use a three-digit plan type code to refer to individual members throughout the remainder of the invoice. For retroactive membership transactions, the plan key also lists the transaction category (new, term, change, etc.).

1. **Current in-force charges:** The current in-force charges section of your statement reflects all subscribers insured for that billing month. It includes: **Name, subscriber ID**, which indicates the name and SSN of each subscriber. The SSN is presented in a masked format (for example, XXX-XX-6789) to protect the privacy of each enrollee.
2. **Product type and premium:** The product and total premium charged per subscriber.
3. **Total current employee charges:** The total amount by product and the total current charges.

## Retroactivity and other adjustments

The retroactivity/other adjustment portion of the statement shows enrollments, changes and terminations that have been processed during the current billing period. It includes:

1. **Name, subscriber ID:** Lists the name and SSN of each subscriber. The SSN is presented in a masked format (for example, XXX-XX-6789) to protect the privacy of each enrollee.
2. **Trans:** The type of transaction (N = enrollment, C = change, T = termination).
3. **Eff date:** The effective date of the transaction.
4. **Mths imp:** The number of months affected by the transaction.
5. **Product type and premium:** The product and total premium charged per subscriber.
6. **Total retroactivity:** The total of all subscriber retroactive changes. Note: If the effective date of the enrollee transaction occurs on a date other than a statement due date, we will not charge or credit for the days in the short month.
7. **Other adjustments:** A list of other adjustments made at an account level. Debit and credit adjustments will be displayed separately by date.
8. **Total retroactivity/other adjustments:** The total net amount of the retroactivity and other adjustments to transactions.

## Benefits snapshot

The benefits and service analysis section of your statement displays a summary of benefits for active subscribers and dependents on your account. It includes:

1. **Product:** Displays only those products with active membership.
2. **Plan type:** The unique identifier code for those products with active membership.
3. **Tier code:** This section will break out each tier billed to the customer (for example, EE, EE+spouse, EE+child[ren], EE+family).
4. **Recorded empl/volume:** Volume of each tier billed and total premium for each tier billed.
5. **Singles — sub only:** The number of single-only subscribers enrolled in the plan.
6. **Premium:** The total premium for single subscribers enrolled in the plan.
7. **Couples — sub + spouse:** The number of couples enrolled in the plan.
8. **Premium:** The total premium for couples enrolled in the plan.
9. **Parent/child(ren) — sub + 1 or more children:**  
The number of parent(s) and children enrolled in the plan.
10. **Premium:** The total premium for parent(s) and children enrolled in the plan.
11. **Families — sub + spouse + 1 or more children:**  
The number of families enrolled in the plan.
12. **Premium:** The total premium for families enrolled in the plan.

## Do you want to end your contract with us?

Every invoice we send you contains our policy on ending your contract with us.

It says:

The total premium is due on the first day of the monthly coverage period. If we don't receive it by the end of the grace period, we may terminate your contract with us. You will have to pay the premium for all periods of coverage (including the grace period) unless you give us at least 30 days' advance notice of your intent to terminate. This notice must be made in writing.

# Continuing coverage

In some instances, employees can be given the chance to keep their group coverage for a limited period of time after certain qualifying events. We call this “continuation.”

Some of the group plan provisions that allow for continuation are required by the federal government. For example, there's the Family and Medical Leave Act (FMLA) and the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Others are standard features of your group plan. Continuation because of a disease or injury, for instance.

We'll explain the various continuation options that may be available to your employees and their dependents. We'll also list instructions for completing any forms we may require for continued coverage.

## Disease or injury

If an employee is absent from work because of an extended disease or injury, coverage may be continued for a limited time. For example, coverage may continue for 3, 12 or 30 months, depending on what your plan documents say.

If the employee does not return to work when this continuation period ends, the employee, along with any covered dependents, may be eligible for any other continuation provision of your group plan for terminated employees, such as COBRA.

If your group plan includes a separate disability feature applicable to life insurance, coverage for a totally disabled employee may be continued beyond the limits shown in your plan documents.

If your group plan ends while the employee's (and any dependents') coverage is being continued, coverage will end on the date your group plan ends.

As the employer, you can decide whether you will allow coverage to continue up to the limits stated in your plan documents or whether you will continue coverage at all. We will rely on you to notify us when you terminate the employee.

Please refer to the enrollment section of this manual for instructions for terminating coverage.

## Layoff or leave of absence

If an employee stops working because of a temporary layoff or leave of absence, you may choose to continue their coverage until the end of the month after the month in which the layoff or leave began.

Say, for instance, the employee takes a short-term leave of absence beginning on February 10. You may continue coverage until March 31. Whether you do this is up to you. Of course, this applies only if you keep making premium payments to Innovation Health on behalf of the employee.

What if the group plan ends while the employee's coverage is being continued? Then this continuation coverage will end on the date the plan ends. For example, if the employee takes a short-term leave of absence beginning on February 10 and the group plan ends on February 28, the employee's coverage will end on February 28.

If you decide not to allow the employee to continue coverage, or if the employee decides they do not want to pay for continued coverage, the employee's coverage will end immediately.

Please refer to the enrollment section of this manual for instructions on terminating coverage.

## Handicapped dependent child

If an employee has a child who is fully handicapped or who becomes fully handicapped before reaching the limiting age for dependent children, as outlined in your group plan (the terms vary by state), the child's life insurance and health coverage may be continued beyond the limiting age of 26. This assumes the child does not already have an individual insurance policy.

To have coverage continued beyond your plan's limiting age, the child must be fully handicapped because of a mental illness or physical handicap. The following forms must be completed and sent to Innovation Health for review and approval: “Request for Continuation of Medical Coverage for Handicapped Child” and “Handicapped Child Attending Physician Statement.” Ask your Innovation Health service representative or call Member Services at **1-855-330-4545** to request these forms.

## When is a child considered fully handicapped?

Both these conditions must be met:

- ▶ They are not able to earn their own living because of mental illness or physical handicap.
- ▶ They must depend chiefly on the employee for support and maintenance.

If the child meets this definition, we may require proof of the child's handicap. We may also require examination of the child as often as needed to determine continued eligibility.

Coverage for a fully handicapped dependent child will end on the first of these dates to occur:

- ▶ The date the handicap ends.
- ▶ The date the employee or child fails to provide proof, when requested, that the handicap continues.
- ▶ The date the child fails to have a required exam.
- ▶ The date dependent coverage ends under your group plan (except for reaching the limiting age).
- ▶ The date we do not receive any required premiums.

## **The Consolidated Omnibus Budget Reconciliation Act (COBRA)**

The following is a summary of some of the general rules and procedures governing continuation coverage under COBRA. It is for information only as it contains only partial and general descriptions of the process and obligations from the COBRA statutes and rules.

Because COBRA is directed to employers rather than to carriers, employers have to abide by its mandates and to consult their own legal counsel.

Failure to comply with COBRA can result in substantial penalties, including an excise tax of \$110 per day for each qualified beneficiary affected by noncompliance.

For a fee through our Individual Billing Administration (IBA), we offer you COBRA direct billing services. It's an efficient way to manage and bill your COBRA continuations. These can include retirees, surviving spouses, employees on leave or medical continuation — in fact, any off-payroll employee who receives benefits from your group plan.

IBA offers:

- ▶ Billing and collection of individual premiums
- ▶ Maintenance of member eligibility data
- ▶ Distribution of funds to customers

Call your local service representative for details.

## **Continuation of coverage for other reasons**

Sometimes you may need to continue coverage for reasons unrelated to COBRA. These reasons can include:

- ▶ State or local law
- ▶ Industry practice
- ▶ Severance
- ▶ Collective bargaining
- ▶ A retirement agreement
- ▶ Plan procedure

The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) is also considered "alternative coverage."

This coverage does not extend the maximum coverage period under COBRA. That is measured solely from the date of the qualifying event or, if the plan provides, from the date of the loss of coverage. Several states have requirements for continuation of coverage that does not begin until COBRA coverage ends.

## **Continuing coverage needs to be identical**

Coverage under COBRA must generally be the coverage provided to similarly situated non-COBRA beneficiaries under the group plan. It also must be provided to the employee and/or eligible dependents on the day before the qualifying event. Evidence of insurability for continuation of coverage cannot be required.

## **How COBRA affects you**

COBRA and later laws require certain employers that provide group health coverage to allow certain individuals to continue coverage when coverage ends because of a specified qualifying event. The employer may choose to make coverage under COBRA available at the individual's expense.

You are exempt from COBRA if you:

- ▶ Maintain church plans (within the meaning of Section 414(e) of the Internal Revenue Code [IRC]).
- ▶ Maintain governmental plans (within the meaning of Section 414(d) of the IRC).
- ▶ Are considered a small employer under COBRA. Under COBRA, "small employer" means you have fewer than 20 employees on at least 50 percent of your typical business days during the preceding calendar year.

When it comes to defining "small employer," both full-time and part-time common-law employees are counted. Self-employed individuals, independent contractors and directors are not counted.

It is important to understand that the same rules of the IRC for controlling employers apply to COBRA. For making this determination under COBRA, employees working for employers under common control must all be aggregated.

Note: Many states also have mandated continuation provisions that apply to all groups, including those of fewer than 20 employees. Refer to your Group Agreement for state-specific continuation options.

## Qualifying events

COBRA coverage is only available when coverage is lost because of certain specific events. These include:

- ▶ Termination of employment, either voluntarily or involuntarily, for reasons other than gross misconduct. Termination includes strikes, layoffs and walkouts.
- ▶ Voluntary or involuntary reduction in hours of a covered employee's employment that results in the loss of coverage. This might happen when an employee goes from full time to part time or when an increase in premium costs results in the loss of coverage.
- ▶ Death of a covered employee.
- ▶ Divorce or legal separation of a covered employee from the employee's spouse. Or a spouse's divorce or legal separation from the covered employee.
- ▶ Employee's enrollment in the Medicare program, leaving spouse or dependent children without coverage.
- ▶ Dependent children become ineligible for coverage under a provision of the employer's group health plan. For example, attaining the maximum age of coverage.
- ▶ A company files for bankruptcy under Chapter 11, but only as it affects retirees, their spouses and dependents who lose coverage. For more information about this qualifying event, contact your legal counsel.

Depending on the circumstances, COBRA coverage may be kept for up to:

- ▶ 18 months for loss of coverage from termination of employment or reduction in hours.
- ▶ 29 months for a qualified beneficiary who is determined under Title II (OASDI) or Title XVI (SSI) of the Social Security Act to have been disabled at any time during the first 60 days of COBRA coverage. This requires that the beneficiary submits notification of the Social Security Administration's disability determination to the plan administrator within 60 days of the determination and before the end of the 18-month period. Within 30 days of the final determination, the beneficiary must also notify the plan administrator that they are no longer disabled.
- ▶ 36 months for loss of coverage because of any other qualifying event, such as an employee's death, divorce or legal separation, an entitled employee's enrollment in Medicare, or children reaching limiting age.

Under this last provision, if a second qualifying event occurs within the original 18-month period after termination of employment or reduction in hours, the qualified beneficiaries who are spouses and/or children may be entitled to continuation of coverage for a total of 36 months from the initial qualifying event.

If the second qualifying event is the covered employee's enrollment in the Medicare program, the period of coverage for qualified beneficiaries would be 36 months from the initial qualifying event.

Coverage may terminate before the end of the 18-, 29- or 36-month period if any of the following occurs:

- ▶ The qualified beneficiary becomes covered under another group health plan that does not impose an exclusion for a pre-existing condition.
- ▶ A qualified beneficiary fails to make timely payments of the premiums for continuation of coverage.
- ▶ A qualified beneficiary becomes enrolled in the Medicare program after the date of their COBRA election.
- ▶ A qualified beneficiary becomes covered after the date of their COBRA election as an employee or dependent under another group health plan maintained by an employer, unless the new coverage contains any exclusion or limitation to a pre-existing condition of that beneficiary.
- ▶ The employer stops providing any group health plan coverage to any employees (including successor plans).
- ▶ When a disabled qualified beneficiary recovers from the disability before the end of the 29-month period, coverage may be ended. It may be ended the first of the month that starts at least 30 days after a final determination by the Social Security Administration that the beneficiary is no longer disabled.

## **Requirements for premium and COBRA election**

When a qualifying event occurs, we recommend that you notify us promptly of all terminated employees and/or dependents.

If they quickly decide on COBRA continuation, you'll be able to process only one change.

You will also have to notify us a second time, however, if the employees and/or dependents elect COBRA continuation after their termination. The enrollment section of this manual has details on terminating coverage.

If a terminated person later elects COBRA, coverage will be reinstated retroactive to the termination date. Canceling coverage on a timely basis for terminated employees and/or dependents will minimize the risk of inappropriate claims being paid during the election period if the employee and/or dependent does not choose COBRA continuation.

Note: If you bill the employee directly, make sure the employee sends payments directly to our COBRA Direct Bill unit. Direct billing does not exempt you as the employer from your obligation under COBRA. This can include immediately discontinuing payment for the qualified beneficiary already paying directly to the COBRA Direct Bill unit.

If you are not using the direct-bill feature, you are responsible for monitoring the continuation and cancellation of coverage.

Although billed group charges are to be paid for anyone on continuation, the actual cost-reimbursement arrangement you have with the qualified beneficiaries is up to you.

## **Right of Continuation Notice requirements**

If COBRA applies, the plan administrator (if different from the employer) has 14 days after being informed of a qualifying event to send a Right of Continuation Notice to all qualified beneficiaries.

We recommend you provide this notice to the qualified beneficiaries immediately, since the 60-day COBRA election period does not begin until the date the qualified beneficiary is notified, if later than the date of the qualifying event.

The employee and/or dependents have 60 days from the date they are notified or from the date of the qualifying event (whichever is later) to elect and notify you of their decision to continue the group health coverage.

If they fail to elect within the proper time frame (and fail to pay in full and on time), they lose their rights to elect COBRA coverage. If the employee and/or dependents elect COBRA continuation, please retain the original copy of the election form on file. We do not require a copy of the Right of Continuation Notice.

When a covered employee or spouse elects to cover any other qualified beneficiary, the other qualified beneficiary is bound by that election. But since each qualified beneficiary is entitled to elect continuation coverage, the covered employee or spouse may not decline coverage on behalf of another qualified beneficiary.

The child's parent or legal guardian may make an election on behalf of a minor child. Also, an election on behalf of a qualified beneficiary who is incapacitated may be made by the legal representative of the qualified beneficiary, the beneficiary's estate or the spouse of the qualified beneficiary.

## Premium requirements

The qualified beneficiary is responsible for paying for continuation coverage. Coverage may end if premium payments are not made in a timely manner. (While you as the employer may pay for part or all of the premiums, COBRA does not require you to contribute to the cost of the coverage.)

Employees and dependents must be given 45 days after their election to pay the initial premium that covers the period from the qualifying event or loss of coverage (if later than the qualifying event) through the month during which the initial retroactive premium payment comes due. Your company should receive subsequent payments within 31 days of their due date.

Premiums may not exceed 102 percent of the cost for other similarly situated active employees. However, in the case of a qualified beneficiary who is entitled, because of disability, to the 11-month extension of continuing coverage, the premium for the 19th through the 29th month of continuing coverage can equal up to 150 percent of the group rate.

If non-disabled family members of the disabled qualified beneficiary continue coverage after the first 18 months of COBRA coverage, but the disabled qualified beneficiary does not elect to continue the COBRA coverage, the plan cannot charge more than 102 percent of the applicable premium, depending on how the plan determines the cost of the coverage. The employer may retain the additional premium (above 100 percent) to cover administrative expenses.

## Completing the employer section of the Right of Continuation Notice

Before giving notice to the qualified beneficiary, you as the employer must complete this section of the Right of Continuation Notice. List or check off:

1. The beneficiary's name and address
2. The "date of this notice;" this is the date that will be used to determine timely filing of the application and the due date of the first premium payment
3. The beneficiary's name in the salutation (that is, "Dear:")
4. The date the qualified beneficiary's group coverage will end
5. The box that describes the qualifying event making the beneficiary eligible for COBRA
6. The number of months COBRA is available to the qualified beneficiary or beneficiaries based on the qualifying event
7. The box or boxes showing who is eligible for COBRA
8. The effective date of COBRA
9. The date COBRA will be exhausted (calculate the 18, 29 or 36 months)
10. The total cost of the premium that will be charged to the member(s) for COBRA (complete this section based on the coverage the member[s] had immediately before the qualifying event)
11. The telephone number of the person who is administering the COBRA continuation (for the member's benefit, for questions)
12. The address to which the qualified beneficiary must return the application and premium payments
13. The date the qualified beneficiary's application must be returned or postmarked (this is the date that is 60 days from the "date of this notice," in item number 2 above)

## **Understanding the Family and Medical Leave Act of 1993 (FMLA)**

*This section is not intended as, nor should it be interpreted as, legal advice as to an employer's legal obligations under FMLA. If you, as an employer, however, determine that you will offer an employee the option to continue basic term life insurance benefits during the terms of a FMLA leave of absence, the following information describes how this will affect your Innovation Health group life insurance coverage.*

If you grant an employee a leave of absence in accordance with FMLA, the employee may be allowed to continue the basic term life insurance benefits for which they were covered on the day before the start of the FMLA leave.

At your discretion, you may allow the employee to continue benefits the FMLA does not require (for example, supplemental life insurance and accidental death and personal loss coverage). This also includes coverage for the employee's eligible dependents. If the employee acquires a new dependent while coverage is being continued under the FMLA, the new dependent may also be eligible for coverage.

At the time the employee requests a leave, it is your responsibility to make arrangements with the employee to collect any contributions you may require for the continued coverage.

If your group has any benefits that are affected by an age or retirement reduction, the employee's coverage will be subject to those rules while on an FMLA leave.

Coverage for an employee or an eligible dependent may not be continued beyond the first date on which any of the following occurs:

- ▶ Any required contributions end
- ▶ You determine their approved FMLA leave has ended\*
- ▶ Coverage ends for the employee's eligible class

Any coverage for a dependent will not be continued beyond the date it otherwise would have terminated.

When an employee returns from an approved FMLA leave, coverage under your group plan may continue as though they had continued in active employment, provided they ask for such coverage within 31 days of their return to work. If the employee does not make such a request within 31 days, coverage may again be effective under your group plan only if Innovation Health gives its written consent.

If your group plan provides any other continuation of coverage (for example, upon termination of employment), the employee (or eligible dependents) may be eligible for such continuation on the date their approved FMLA leave has ended. Any continuation will be available on the same terms as those for which employment is terminated.

## **Other legal considerations**

If your group plan is full risk or split funded, the insurance laws of the state in which your group plan is issued (the contract state) may mandate that you offer continuation of coverage to employees and/or covered dependents in certain situations.

In addition, insurance law(s) of the non-contract state(s) may apply to your group plan if the law(s) are written to apply to residents of that state, regardless of the state in which the contract is issued. These are known as "extraterritorial" laws.

If they apply, employees may be eligible for continuation as prescribed. Many of the state laws that require you to offer continuation, however, also provide that if the event would qualify the employee and/or dependent for COBRA continuation, you need not offer the state-mandated continuation.

We urge you to consult your legal counsel about your responsibilities for continuation under state laws.

If your group plan is required to offer continuation due to a mandated insurance law, the "General Information About Your Coverage" section of your plan documents will give details of the continuation provisions and whether eligibility for COBRA continuation has any impact on the state-mandated continuation provision.

\*If you grant an approved FMLA leave for longer than the period required by the FMLA, any extended continuation of coverage during that period will be subject to approval by Innovation Health, which will have sole discretion to continue or discontinue the coverage for that extended leave period.

Note: If the employee and/or dependent elects to be covered by a state-mandated continuation that provides coverage for a qualifying event also addressed by COBRA, the period of time the person is covered under the state-mandated continuation provision will count toward the federal COBRA law's 36-month maximum duration.

Here are some of the continuation provisions state law may require your group plan to include:

- ▶ Total disability
- ▶ Labor disputes
- ▶ Ceasing employment
- ▶ Employee's death
- ▶ Plant closings
- ▶ Divorce or separation
- ▶ Employee's retirement
- ▶ Medicare eligibility
- ▶ After COBRA ends

If you are required to offer continuation for one or more of the provisions above, you will receive a supply of the necessary continuation election forms that you should give to employees when they become eligible.

### **How to extend an employee's benefits**

If a covered person is "totally disabled" when all medical health coverage ends (administrative, state or COBRA), they may be eligible to have health benefits extended, without payment of premium, for a limited period of time after they leave your group plan or you discontinue your plan.

Generally, a person who is totally disabled will be covered for up to 12 months, but only for expenses related to the injury or disease that caused the total disability. But since some group plans cover all injuries or diseases, check your plan documents for the specific terms that apply to your group plan.

### **What "totally disabled" means**

A covered employee is considered "totally disabled" if they are not able to engage in their customary occupation and are not working for pay or profit.

A covered dependent will be deemed "totally disabled" if they are not able to engage in most of the normal activities of a person of like age and sex who is in good health.

To be considered for extension of benefits under your group plan, the covered person must ask their attending physician to provide evidence of the disability to the claims office that processes your company's medical claims. The evidence must be reviewed and approved by the claims office before any benefits will be paid under this provision.

Coverage under any extension of benefits provision becomes effective only after any other continuation of coverage period, if elected, ends. An employee or dependent cannot retroactively elect a continuation provision, such as a state or COBRA continuation, while they have an extension of benefits.

Important: If a person is eligible to convert their coverage to an individual insurance policy from a group health plan, that person must do so when applying for any extension of benefits. Failure to do so may prohibit them from being issued an individual policy later.

# Managing the transition to Medicare

Medicare is a federal health insurance program for people age 65 and over and for some disabled individuals.

The Age Discrimination in Employment Act of 1967 (ADEA) requires that you counsel employees or dependent spouses nearing age 65 about Medicare benefits.

You must counsel them on:

- ▶ Eligibility requirements
- ▶ How to apply
- ▶ Medicare's relation to your group health plan

Your company's legal counsel can advise you on your Medicare responsibilities.

Your plan documents can tell you the specific terms that apply to your group plan.

## Change in coverage

A change in medical coverage may be an option when an employee or the employee's dependent spouse reaches age 65. At least one of the following conditions must apply:

- ▶ Your group plan is not subject to the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), and the employee or spouse has not already changed to Medicare for their primary coverage.
- ▶ The employee is retired but has not already changed to Medicare for their primary coverage.

A reduction in the amount of life insurance may also be required at ages 65, 70 or 75.

## Choosing the primary or secondary health insurer

Secondary health insurance is an insurance plan that pays for some of the costs that primary health insurance does not pay.

As an employee and/or the employee's dependent spouse approaches age 65, their primary and secondary health insurer needs to be determined. It is also possible that they will remain enrolled under your group plan.

(A member already on COBRA when they become entitled to Medicare will lose COBRA coverage, and certain retired members may lose coverage.)

Coverage is determined in part by the employee's employment status (active or retired) and whether you are subject to:

- ▶ ADEA and the amendments enacted as part of TEFRA
- ▶ Deficit Reduction Act of 1984 (DEFRA)
- ▶ COBRA
- ▶ Omnibus Budget Reconciliation Act of 1986 (OMBRA)
- ▶ Omnibus Budget Reconciliation Act of 1993 (OBRA)

Your company's legal counsel can help you determine which laws apply.

These guidelines will help you determine when someone is eligible for Medicare primary health coverage. The guidelines will also tell you what administrative changes, if any, need to be made to coverage for the employee and/or the employee's dependent spouse.

## **TEFRA stands for the Tax Equity and Fiscal Responsibility Act, a federal law**

**If your group plan IS subject to TEFRA,** the following rules apply to employers with more than 20 eligible employees:

**Innovation Health is primary** for the employee if the employee is active or if they are retired and under age 65.

**Medicare is primary** for the employee if the employee is retired and is age 65 or older, unless the retiree has coverage under an active group plan—that is, their spouse is covering them as a dependent.

**Innovation Health is primary** for the dependent if the employee is active or if they are retired and the dependent is under age 65.

**Medicare is primary** for the dependent if Medicare End-Stage Renal Disease (ESRD) Coordination of Benefits (COB) rules are affected by the ESRD “coordination period,” and the employee is retired and the dependent is 65 years of age or older.

**If your group plan is NOT subject to TEFRA,** the following rules apply to employers with 20 eligible employees or less:

**Innovation Health is primary** for the employee if the employee is under age 65.

**Medicare is primary** for the employee if the employee is age 65 or older.

**Innovation Health is primary** for the dependent if the dependent is under age 65.

**Medicare is primary** for the dependent if the dependent is age 65 or older.

If the member is entitled to Medicare because of disability, various factors are used to determine the primary payer.

These include:

- ▶ Type of disability
- ▶ Age
- ▶ Retirement status

Sometimes when a person is on Medicare because of a disability, Innovation Health is primary and Medicare is secondary. So don’t make this change without first contacting us.

**Questions?** Call Member Services using the toll-free phone number on your ID card.

If the member has ESRD, different laws govern who the primary payer is. Member Services can answer your questions.

**Reporting the change.** If the employee and/or spouse is now eligible for Medicare as primary coverage, refer to the enrollment section of this manual. It’ll give you the information you must send us when changing from Innovation Health primary to Medicare primary.

This material is for information only and is not an offer or invitation to contract. An application must be completed to obtain coverage. Rates and benefits vary by location. Health benefits and health insurance plans contain exclusions and limitations. Health information programs provide general health information and are not a substitute for diagnosis or treatment by a physician or other health care professional. Providers are independent contractors and are not agents of Aetna or Innovation Health. Provider participation may change without notice. Aetna and Innovation Health do not provide care or guarantee access to health services. Information is believed to be accurate as of the production date; however, it is subject to change. For more information about Innovation Health plans, refer to **[innovation-health.com](#)**.

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