

PEBB Administrative Changes *How They Impact You, the Supervisor/Department/Business Center*

The Public Employee Benefits Board (PEBB) recently revised its Oregon Administrative Rules (OARs) and implemented additional internal policies and procedures regarding the administration of the health insurance programs. PEBB indicates the changes are necessary to comply with the new federal regulations regarding healthcare reform. These changes became effective January 1, 2011. **These changes may have a direct impact on your employees and may impact how you do business. Please read the following carefully.**

By being aware of these changes, you can help your employees meet the new requirements and ensure that their initial enrollment in benefits and mid-year changes become effective in a timely manner. You can also potentially save your department unnecessary expense related to insurance premium costs.

Several of the administrative changes may impact you, the Supervisor/Department/Business Center, and may change how you do business. These changes may impact whether an employee will be allowed to enroll in coverage when hired/first eligible; the effective date of an employee's coverage; the termination of coverage for an active employee; and whether an employee will receive coverage when no longer eligible.

Changes that may impact the employee directly include:

- Timeline reduced for new enrollments and for making changes during the year – **now 30 days within date of hire or date of eligibility if employee experiences a qualified status change;**
- How an employee enrolls in coverage – **some new hires can only use paper forms;**
- When coverage becomes effective – **no retroactive enrollments and/or changes;**
- Who processes enrollments and/or changes - **Employees, Office of Human Resources (OHR) Employee Benefits staff or PEBB staff; and**
- **Taxes on the "Imputed Value" of benefits received if ineligible dependents are not removed within the 30 day timeline.**

Changes that may impact the Supervisor/Department/Business Center include:

- Timeline reduced for new hire/newly eligible enrolments – **now 30 days within date of hire or date of eligibility if employee experiences a qualified status change;**
- All enrollments are "prospective" only;
- PEBB will not activate coverage unless they receive a premium payment;
- Termination of coverage for non-payment of premium or incorrect premium payment; and
- No changes allowed once a premium has been paid - terminations are "prospective" only.

The following Questions/Answers represent our best understanding of the new rules and procedures at this time. We have requested clarification from PEBB on multiple issues, but have not received a response. If PEBB provides the requested clarifications, we will make any necessary updates to the Questions/Answers. Please note: PEBB will make all determinations about eligibility and effective dates of coverage and implementation of their rules, policies and procedures.

1. Why would the reduction in the enrollment timeline to 30 days impact us, the Supervisor/Department?

The employee must be notified of their benefit eligibility upon hire/eligibility to allow them sufficient time to enroll in coverage within the 30 day timeframe.

- 2. How is an employee notified of their benefits eligibility?** Employees are notified of their benefits eligibility with a Welcome Email that is generated by your Business Center when the hiring or change in appointment paperwork is processed.
- 3. Does it matter what time of the month an employee is hired?**
No, it doesn't matter what time of the month an employee is hired. What is important is that the employee is notified in a timely manner of their benefits eligibility to allow them to enroll in coverage within the 30 day timeframe.
- 4. How does the timing of employee notification impact the employee's ability to enroll in benefits?**
A delay in notification can cause the employee to lose a month of benefits. For example, an employee is hired/begins work on February 18th, but the employee does not receive notification until March 3rd of their benefits eligibility. The employee will not be allowed to enroll in coverage effective March 1st without appealing to PEBB and receiving a positive response from PEBB.
- 5. Are there other situations where benefits have been processed retroactively in the past?** Retroactive benefit enrollments were processed by OHR Employee Benefits staff for the following employer errors in the past:
 - Late new hire paperwork;
 - Late reinstatement of an employee's appointment; and
 - Retroactive increase of an employee's FTE that made the employee benefit eligible.
- 6. How are the new rules/procedures different than before?**
In the past, OHR Employee Benefits staff had the authority to process the employee's enrollment with a retroactive date when necessary due to an employer error. This is no longer permitted by PEBB.
- 7. Why can't the OHR Employee Benefits staff continue to do this?**
The OHR Benefits staff can only work with an employee's record during the 30 day enrollment/change window. PEBB has also reprogrammed their system so we can only process transactions using the current date with the effective date being the first of the following month.
- 8. Is it possible for the employee to get enrolled in coverage retroactively?**
It may be possible if the employee appeals to PEBB. OSU and the Office of Human Resources have no participation in PEBB's appeal process.
- 9. What is the process of appealing to PEBB?**
The employee would need to complete the paper Enrollment forms and an Appeal form and submit to OHR Employee Benefits. OHR Employee Benefits staff will process the Enrollment form with the effective date of the following month and will forward the Appeal form to PEBB for PEBB's consideration for the requested retroactive start date.
- 10. How long does PEBB have to process the appeal?**
PEBB has 30 days to process the appeal. During this time, the employee will be treated as not having insurance coverage by providers.
- 11. If PEBB approves the appeal, when will the coverage become effective?**
If PEBB approves a retroactive start date for the coverage, the coverage effective date will be retroactive but PEBB may not activate the coverage until they receive the premium for that month. This could take an additional month or two depending on timing in the payroll cycle when the Appeal is approved and OHR Employee Benefits is notified.

- 12. What does “Activate” mean?** “Activate” refers to when PEBB will notify providers that the employee has insurance coverage and when that coverage is effective.
- 13. Why won’t PEBB activate the coverage when the appeal is approved?**
PEBB has indicated that they will not activate coverage for an employee unless they receive the correct premium payment during the month of coverage. The only exception is for a new hire/newly eligible employee when the employee enrolls in coverage after the payroll deadline for the current month.
- 14. What happens if PEBB does not approve the retroactive coverage start date?**
The employee will not have health insurance coverage for that month. An employee may also further appeal PEBB’s decision in accordance with PEBB’s [appeal process](#).
- 15. How could a current employee’s benefits be terminated?**
PEBB will terminate an employee’s coverage at the end of the previous month if they do not receive the correct premium payment. For example, the February paycheck pays the March premium. If PEBB does not receive the correct premium for March they will terminate the employee’s coverage effective February 28th.
- 16. When and how are premiums remitted to PEBB?**
At the end of the day on payday, Payroll runs a process that sweeps data into the OUS data warehouse for all payroll transactions for the month (including manual checks). OUS then pulls that data and remits the premium to PEBB by the 10th of the following month.
- 17. What is meant by the “correct” premium?**
PEBB states they will terminate an employee’s coverage for an overpayment and/or underpayment of premium. The overpayment/underpayment can be for as little as one dollar (\$1.00). This could be a human error or even a formula error during the payroll cycle.
- 18. How can PEBB terminate coverage for overpayment?**
PEBB has stated that the “correct” payment must be made and that it doesn’t matter if it is an overpayment, they will still terminate. OHR Employee Benefits continues to explore other avenues with PEBB; however, this is PEBB’s current position at this time.
- 19. What are some examples of how an employee’s benefits deductions would not be processed causing non-payment of premium and termination of coverage by PEBB?**
- An hourly employee’s timesheet (classified and unclassified) is not submitted timely and the employee does not receive a check in the current month.
 - Late reappointment of an employee’s position which caused the employee not to receive a paycheck in the current month. Examples include: term by term instructor appointments; appointments funded by grant funding, etc.
 - Late reappointment of an employee’s non-benefit eligible position, when that position had been combined with another non-benefit eligible position making the employee benefit eligible.
 - Employee’s check is voided on payday but replacement check is issued after payday.
 - Incorrect hours worked or incorrect paid leave taken was reported and/or entered during time entry causing the employee to fall below the required hours for benefits eligibility.
 - Manual check processed but benefit deductions were not included on the check.

20. If the active employee's coverage was terminated due to an employer error, when will PEBB reinstate coverage and what is the effective date?

PEBB will not reinstate coverage until they receive the premium for the missing month. This takes approximately six to eight weeks. Once PEBB activates the coverage, the effective date will be retroactive back to the date the coverage was terminated.

21. Why won't PEBB reinstate coverage if OHR Employee Benefits informs them of the employer error?

PEBB has stated they will only reinstate coverage upon receipt of the correct premium. They have declined to accept as proof OSU's statement and/or screen prints from the payroll system showing that the adjustment has been processed and that the premium will be remitted the next month.

22. Why does it take six to eight weeks for PEBB to reinstate coverage?

Premiums are remitted through the payroll cycle. The current month's paycheck pays the premium for the next month. Therefore, the payment will not be processed until the next payroll cycle which is remitted to PEBB by the 10th of the following month. PEBB must then process the reconciliation of premiums and the reinstatement of coverage.

Example: Employee's premium for March coverage did not get included on their February paycheck. Therefore, the premium for March is processed on their March paycheck (along with the April premium) and remitted to PEBB by April 10th. PEBB will reinstate March coverage after they process the reconciliation of premium payments between April 10th and April 30th.

23. What if the employee needs to fill a prescription or seek medical care during the month when PEBB terminated coverage?

The employee will have to pay for their prescriptions and will be treated as having no coverage by the medical providers. This may require the employee to pay up front for services before receiving medical care.

24. Can the employee get reimbursed for prescription and medical expenses incurred when coverage was terminated? Yes, the employee would submit the prescription receipts and provider invoices along with proof of payment to the insurance company for reimbursement.**25. What is meant by no corrections allowed once a premium has been paid – terminations are prospective only?** If PEBB receives a premium payment for an employee, even in error, coverage cannot be terminated. This means that an ineligible employee will receive benefits and the Department will not receive a refund of the premium.**26. How would PEBB receive a payment for an employee that is not eligible for coverage?**

Such situations occur when:

- Retroactive decrease to an employee's appointment makes the employee no longer eligible for benefits;
- Late terminations – Business Center is not notified until after payday that an employee was terminated; paperwork for termination did not get processed during the month of termination;
- Employee does not return directly to work from FMLA leave and, therefore, premiums were incorrectly paid on their behalf;
- Time entry errors – hours reported during time entry were benefits eligible but actual hours were less (i.e., hours reported as 85 but actual hours were 58, thus the employee fell below the required hours for benefits eligibility); and
- Summer Spreadsheets (see the following questions and answers).

27. How do the Summer Spreadsheets impact an employee's benefits?

The Summer Spreadsheets indicate whether an employee will be returning to a benefits eligible position in the fall and whether their benefits should be triple deducted ("tripled") in the month of May, giving them benefits through the month of September.

28. If an employee is coded as "returning" on the Summer Spreadsheet, benefits were triple deducted, and it is later determined that the employee will not be returning in the fall, can the benefits be terminated?

If the department determines by the June 15th payroll cutoff date that the employee will not be returning in the fall and notifies OHR Employee Benefits, the coverage can be terminated and premiums refunded to the department.

If the decision is made after June 15th or OHR Employee Benefits is notified after that date, the coverage cannot be terminated and premiums cannot be refunded. The employee will have coverage through the month of September.

29. If on the Summer Spreadsheet an employee is coded as "not returning" and benefits were not triple deducted and it is later decided that that they are returning, can we pay the premiums and continue coverage?

If the decision is made before the June 15th payroll cutoff date and OHR Employee Benefits is notified, the premiums can be made on the June paycheck and coverage will continue.

If the decision is made after the June 15th payroll cutoff and the premiums are not paid on the June check, PEBB will terminate the employee's benefits for non-payment. OHR can process a payroll adjustment, but PEBB will not activate coverage until the premiums are paid, which can take six to eight weeks.

30. How do we reduce the possibility of employees not having insurance, having their insurance terminated, or paying premiums on employees that are not eligible? Communication is the key. Communication between the Supervisor and the employee, between the Supervisor and the Department, between the Supervisor/Department and the Business Center, and between the Business Center and OHR Benefits Office and Payroll.

PEBB has stated they will terminate an employee's coverage for an over or underpayment of an employee's premium. The OSU Payroll Office and OHR Employee Benefits staff are working together to get benefit deductions started and/or corrected (due to mid-year changes) throughout the payroll cycle so PEBB will not delay activation and/or terminate an employee's coverage due to a wrong premium payment being submitted.

We do not have any control over when PEBB will process forms and/or appeals. At this time, PEBB has declined to confirm receipt of forms or let us know how long it may take to process. Therefore, we will be manually tracking all forms/appeals that are sent to PEBB to ensure that the form eventually gets processed.

We will update the Q&As periodically, based on additional questions from employees and any updates we receive from PEBB. If you have any questions, please contact OHR Employee Benefits at employee.benefits@oregonstate.edu.

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