



OFFICE OF THE VICE PRESIDENT
HUMAN RESOURCES
BENEFITS PROGRAMS & STRATEGY

OFFICE OF THE PRESIDENT
300 Lakeside Drive; 6th Floor
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September 16, 2010

**BENEFITS MANAGERS
BENEFITS REPRESENTATIVES
CUSTOMER SERVICE REPRESENTATIVES
HEALTH CARE FACILITATORS**

Re: 2010 Group Insurance Regulations Update

I am pleased to inform you that the Group Insurance Regulations (GIRs) have been updated reflective of legislative, legal and policy mandates applicable to University health and welfare programs to date. The GIRs are available online at:
<http://atyourservice.ucop.edu/administrators/index.html>.

This update applies primarily to the medical sections (Sections 1100-1111); however, some minor updates have been made to other plan sections. This update replaces the version dated January 1, 2005. In addition, we have included a new "Introduction" section which includes an updated Preface, Definitions and Abbreviations, and new Eligibility section (which replaces Administrative Supplement No. 6). Specific policy provisions updated with this revision are noted on the attachment to this memo. For ease of use, a table of contents is also included. The Chronology to the GIRs has also been updated and is available online.

I want to thank Manager Debbie Larson on my staff, who made it a priority to have this completed by this year, and the GIRs Team that included Kristine Einstoss, as team lead; Bruce Goya; and Rachael Howard for their hard work and collaborative efforts with the Office of General Counsel and others to reflect current policies and numerous legislation enacted since the last update.

With the announcement of organizational changes in HR Benefits Programs and Strategy (BPS) which now includes the policy and plan design components of the health and welfare benefits program, this confirms that ongoing maintenance and development of the GIRs, as well as lead responsibility for policy development resulting from health care reform, will fall under the purview of Eva Devincenzi. In addition, Kristine Einstoss will continue her health and welfare policy responsibilities reporting to Eva.

Policy changes due to health care reform and any further revisions to the Plan sections will be included in a future update to be effective January 1, 2011. Updates to the Retiree sections and Administrative Supplements are also forthcoming.

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This is to let you know also that I'm currently spearheading implementation of a new automated document management system within BPS that we anticipate will allow us to more easily keep the regulations and other health and welfare benefits documents up to date.

If you have questions related to the updated GIR documents, you may contact Kristine Einstoss (Kristine.Einstoss@ucop.edu or 510-987-0733).

Sincerely,



Michael Baptista
Executive Director
Human Resources
Benefits Programs and Strategy

Attachment

cc:

Vice President Duckett
Chief Human Resource Officers
Academic Personnel Directors
Director O'Neill
Human Resources Unit Heads
Payroll Managers

September 16, 2010

Health & Welfare Benefits Programs for Faculty and Staff

2010 GROUP INSURANCE REGULATIONS UPDATE

This update for this version of the Group Insurance Regulations (GIRs) includes the following revisions which are already in effect unless otherwise specified:

- 1) **Non-Tax Dependent Children** - In compliance with an IRS notice issued earlier this year (IRS Notice 2010-38), beginning March 30, 2010, employees will NOT have imputed income for coverage provided to non-tax-dependent children enrolled in health and welfare plans. Prior to this date, the value of benefits coverage provided on behalf of an enrolled child who was not claimed as a tax dependent by the employee or their spouse/domestic partner was includable in the employee's gross income as imputed income. The GIRs are identified with the March 30, 2010 as this represents the date of the most recent policy change in 2010. There is no change in income tax dependency requirements in 2010 (see #7 below for future updates due to Health Care Reform). (Applies to: Medical, Dental, Vision, Legal, AD&D and Dependent Life; effective 3-30-10; Part I, Section 3.C.)
- 2) **CHIPRA** – As a result of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA), UC employees who are eligible for, but not enrolled in UC-sponsored health insurance may enroll in UC coverage if they or their dependents lose coverage under Medicaid or the Children's Health Insurance Program (CHIP) (a joint federal and state program to provide health coverage for low-income children and pregnant women). The Period of Initial Eligibility (PIE) for enrollment in this situation is **60 days** (Applies to: Medical, Dental, and Vision; effective 1-1-2010; Part II, Sections 1103.B, 1103.D.14/XX03.B, XX03D.14.)
- 3) **HIPAA Special Open Enrollment Periods** – This update includes the expanded types of situations that constitute an Involuntary Loss of Coverage (ILOC) and require a special enrollment opportunity through a PIE. The changes are based on the final regulations for the health coverage eligibility provisions in Health Insurance Portability and Accountability Act of 1996 (HIPAA). (Applies to: Medical plans only; effective 1-1-98; Part II Sections 1103 and 1004.)
- 4) **Medical Plan Paper Enrollments - PIEs Ending on a Weekend** – For compliance with HIPAA eligibility provisions which allow special enrollment rights, a PIE must be at least 30 days. In accordance with this requirement, if the last day of a PIE falls on a weekend or holiday, the PIE is extended to the following business day (instead of the preceding business day) when enrolling with forms. Note: This only applies to Medical plans due to HIPAA and only to employees who do not have access to online enrollment. (Applies to: Medical plans for actives only; effective 3-30-10; Part II, Section 1103.B.)
- 5) **Plan Year and 120 Day Rules** – The Medical Plan sections of the GIRs relating to PIEs for return to work/pay status as an eligible employee following: a leave without pay, a layoff, rehire or other period of ineligibility (identified in Part II, Section 1103.D.11) have been revised to reflect IRS Section 125 Cafeteria Plan Regulations (reg. Sec. 1.125-1(d)(1)) which require that eligible employees in these situations who return to work/pay status within the same plan year have a full PIE as a newly eligible employee as specified. Currently this change only impacts the employee Medical plans. (Applies to: actives Medical only; Part II, Section 1103.D.3; D.4; D.5.)

- 6) **Preface** – The Preface has been updated to note programs that are not applicable to the GIRs including Graduate Student Health insurance programs (GSHIP), Student Health Insurance Program (SHIP), Post Doctoral Scholars Programs, Residents' Programs and reference the program as the "Health & Welfare Benefits Program for Faculty and Staff" to lessen confusion with other programs. It is updated to include the withdrawal of Lawrence Livermore National Lab (LLNL). Other clarifications are also included which apply to actives and retirees. (In addition, an update to the HIPAA Privacy and Security sections of the Preface (Sections E and F) will also be coming soon to include new provisions. (Applies to: All Plans – actives and retirees; Part I, Section 1.)
- 7) **Family Member Eligibility** – The eligibility requirements for family members, previously contained in Administrative Supplement No. 6, are now included in the new Introduction Section of the GIRs (Part I, Section 3.C.2). This section is referenced in the Plan Sections. There are minor updates including noting the Retiree Vision plan for family member eligibility. Also, requirements for eligibility as an Overage Disabled Child are clarified to reflect that the child must be dependent on the employee/retiree, spouse or domestic partner; for 50% or more of his/her support; requirements concerning residency have been removed. The GIRs will be updated again effective January 1, 2011 to include dependent eligibility changes due to health care reform (e.g., new age 26 limitation). The revisions will be included in Open Enrollment publications and plan booklets (e.g., EOCs, SPDs). (Applies to: Medical, Dental, Vision, Legal for actives and retirees, and AD&D and Dependent Life for actives only; Part I, Section 3.C.2.)
- 8) **Adoptions - Effective Date and Documentation** – In line with terms used in the California Health & Safety Code Sec. 1373(c) and definitions used in HIPAA relating to adoptions, a clarification has been added to the effective date for adoptions which uses the term "placed for adoption" rather than "physical custody". Revisions are also included in this update to clarify the types of documentation that will provide proof of eligibility for adoptions. (Applies to: Medical, Dental, Vision, Legal for actives and retirees, and AD&D and Dependent Life for actives only; Part I, Section 3.C.2.)
- 9) **Same Sex Marriages** – Language is included to reflect that no imputed income applies to for state tax purposes to an Employee's marriage to a partner of the same sex if the marriage is considered to be valid under the laws of jurisdiction in the state in which the marriage took place (following the enactment of SB54). (Applies to: All Plans; effective 1-1-2010; Part II, Sections 1106/XX06.)
- 10) **Failure to Provide Documentation of Eligibility** - Added language clarifies that failure to provide documentation to verify that an enrolled family member is eligible for plan coverage, if requested, is grounds for disenrollment. (Applies to: All Plans; Part I, Section 3.C.2.)
- 11) **Additional PIEs for Medical Plans** – The GIRs have been updated to reflect the following added PIEs:
 - a. **Attainment of a Lifetime Maximum** – Includes the provision that allows an eligible employee a new PIE when the employee or family member reaches the lifetime maximum for all benefits under a medical plan. Related rules are also noted.
 - b. **Disruption of Primary Medical Group** – The provision is added which allows a PIE for an employee to enroll in another medical plan (not restricted to HMOs) if/when their medical plan provider terminates their contract with their current medical group or the primary medical group is terminated. Applicable restrictions are included.

(Applies to: Medical plans only for actives and retirees; Part II, Sections 1103.D7 and D9; Part III will also be updated with this change.)

- 12) **Coverage as a Family Member While on Leave** – Includes the provision which allows an employee with a spouse or domestic partner who is also a UC employee with separate coverage, to be allowed a PIE, when on an approved leave of absence, to be covered as their family member. (Applies to: Medical plans for actives; Part II, Section 1103.D.8).
- 13) **Return to Eligibility and 17 ½ hours** – Provisions are added to distinguish between an employee who returns to eligibility due to an appointment change vs. an employee who returns to 17 ½ hours average regular paid time and eligibility for benefits without an appointment change. (Applies to: actives Core Medical, Medical, Dental, and Vision, Basic and Core Life, Short-term Disability and Supplemental Disability; Part II, Sections 1103.D.11/XX03.D)
- 14) **Appointment Changes from a BELI 2 or 3 to a BELI 1** - Employees in appointments with a Benefits Eligibility Level Indicator (BELI) of 2 or 3 who are reappointed as a BELI 1 are allowed an added PIE as specified. (Applies to all active's plans except for AD&D; Part II, Section 1103.D.10/XX03.D)
- 15) **Unapproved Absences** – Clarification has been added to emphasize that continuance of benefits coverage for health and welfare benefits during a leave of absence is contingent on the leave being approved. Language is also added to reflect that strikes are treated as an unapproved absence. The impact on benefits is indicated. (Applies to: All Plans for actives; Part II, Sections 1108.A/XX08.A.)
- 16) **Layoffs: Core Medical Option** – This update includes the provision which allows employees who are eligible for COBRA due to a layoff to select the Core medical plan under COBRA (e.g., as a lower cost option). (Applies to: actives Medical, Part II, Sections 1109)
- 17) **Misuse of Plan** – Clarifying language has been added to address that the coverage allowed for eligible employees after 12 months of disenrollment due to misuse is not COBRA; however, employees are allowed to continue coverage by direct pay at the same rate that would be charged to the employee under COBRA. (Applies to: All Plans for actives and retirees; Part II, Sections 1103.D.15/XX03.D and Part III to be updated.)
- 18) **90-Day Waiting Period** – Language has been added to the GIRs to clarify the types of situations that are subject to the 90-Day waiting period for Medical plan enrollment for compliance with HIPAA (Applies to: Medical plans only; Part II, Section 1104.2.C)
- 19) **Combination Student and Non-Student Appointments** – The regulations have been updated to reflect current UC policy which provides that employees with dual appointments both as a casual restricted/student (ineligible) and as an Employee who meets eligibility requirements for the Health & Welfare Benefits Programs for Faculty and Staff, are no longer excluded from eligibility by virtue of their casual restricted/student ineligible appointment. (All actives Plans; effective 1-1-05; Part II, Sections 1104.3.C/xx04.3.C.)
- 20) **Actions Which Affect Coverage** – Adds clarification to indicate that if an employee does not continue group coverage in specified situations, this will result in a loss or termination of coverage. (Applies to actives Medical, Dental, Vision, Legal, AD&D, Supplemental Life, and Dependent Life; Part II, Sections 1108/XX08.)
- 21) **Termination of Senior COBRA and ARRA** – The language has been updated to reflect the termination of Senior Cobra and ARRA and notes generally that the provisions are subject to revision due to changes in COBRA laws. (Applies to: actives and retiree Medical, Dental, and Vision, Part II, Sections 1109/xx09, and Part III (to be updated).

- 22) **FSA for Health and Dependent Care** – The titles have been updated to include the current plan names “Health Flexible Spending Account (Health FSA)” and “Dependent Care Flexible Spending Account (DepCare FSA)” (previously “Health Care Reimbursement Account (HCRA)” and “DepCare”). (Applies to: the Health FSA and DepCare FSA plans; 5000 and 5200.)
- 23) **Dependent Life Insurance** – Language is changed to reflect that no Evidence of Insurability or Statement of Health is required to enroll eligible dependent children in Dependent Life Insurance even if the PIE is missed. In addition the provisions are updated to remove the requirement no longer in effect that coverage is effective after 24 hours of coverage. (Applies to: Dependent Life; Sections 2303.D10 and 2304.A.12)
- 24) **Definitions and Abbreviations** – This Section is now included in the Introduction (after the Preface) and includes some updated or added definitions for clarity or consistency with other policies. The term “Retiree” replaces the term “Annuitant” here and throughout the GIRs. Some abbreviations have also been updated to reflect new terms. (Applies to: All Plans; Parts I, Section 2.)
- 25) **Chronology** – The Chronology has been updated to reflect plan design and employer contribution changes through January 1, 2010. This is included in the GIRs as a separate file. (Applies to: All Plans; Part IV, separate link.)