

Direct Payment of Premiums

Background

If an Eligible Employee or Eligible Postdoctoral Scholar is on an approved Leave With Pay but Premiums cannot be collected from an Eligible Employee's or Eligible Postdoctoral Scholar's paycheck, the Eligible Employee or Eligible Postdoctoral Scholar may continue coverage for benefits enrolled in prior to the leave through Direct Payment of Premiums.

If an Eligible Employee or Eligible Postdoctoral Scholar is on an approved Leave Without Pay, the Eligible Employee or Eligible Postdoctoral Scholar may continue coverage for benefits enrolled in prior to the leave through Direct Payment of Premiums.

Eligible Employees or Eligible Postdoctoral Scholars may drop coverage for some or all benefits for the duration of the approved Leave With Pay and Leave Without Pay. Eligible Employees or Eligible Postdoctoral Scholars may drop coverage for dependents, but continue enrollment for themselves for the duration of the approved Leave With Pay and Leave Without Pay. These elections must be made prior to the Leave Without Pay through the local Benefits or Accounting Office or UCPath Center. For Eligible Employees or Eligible Postdoctoral Scholars who drop coverage during a Leave With Pay, re-enrollment may not take place until Open Enrollment. For Eligible Employees or Eligible Postdoctoral Scholars who drop coverage during a Leave Without Pay, see Section 1005.C. for re-enrollment details.

For Eligible Employees, coverage cannot continue for the following plans while an employee is on a Leave Without Pay: Basic Life Insurance, Core Life Insurance, Senior Management Life Insurance, Disability Insurance, and Flexible Spending Account. For Eligible Postdoctoral Scholars, coverage cannot continue for Disability Insurance while the postdoctoral scholar is on a Leave Without Pay. Eligible Postdoctoral Scholars may continue coverage for Life and AD&D Insurance for the first 60 days of the Leave Without Pay.

Eligible Employees with Insufficient Earnings to cover Premiums may not continue Basic Life Insurance, Core Life Insurance, Senior Management Life Insurance, and Basic Disability Insurance. Eligible Postdoctoral Scholars with Insufficient Earnings to cover Premiums may not continue Long-Term Disability Insurance.

For Eligible Employees who choose to continue coverage for Supplemental Health Plans, employees must make direct payment arrangements with the vendor and abide by the procedures determined by **the vendor**.

Direct Payment of Premiums to UC While on Leave

Before the leave begins, the employee or postdoctoral scholar must be given a due date for the premiums and a 30-day grace period to make a payment. Per UC's Group Insurance Regulations (Section 1008.C. and Section P1008.C.), premiums are due in advance of the month of coverage.

Example: Employee or postdoctoral scholar is on leave and is sent a payment invoice on April 10, indicating that payment for May is due on May 1 and the 30-day grace period will end on June 1.

If employee or postdoctoral scholar fails to make premium payments for their coverage:

The obligation to maintain the health coverage of an employee or postdoctoral scholar will end if the employee's or postdoctoral scholar's premium payment is more than 30 days late. If full and complete payment is not received by the end of the 30-day grace period following the due date, coverage will terminate. For administrative ease, we recommend using the following FMLA-required guidelines for all types of leave:

- If a payment is not made on time or the payment is short, the employee or postdoctoral scholar must be notified in writing that the insurance will be canceled if the premiums are not received by the specified date.
- This written notice must be done no less than 15 days before the end of the 30-day grace period and must advise that coverage will be dropped on a specified date unless the payment is received in full by that date.

Example: Employee or postdoctoral scholar was sent a payment invoice on April 10, indicating payment is due May 1, with a 30-day grace period ending June 1. On May 15, employee or postdoctoral scholar has not submitted the payment for May. The written cancellation notice should be mailed to the employee by May 15, indicating that full and complete payment must be received by June 1 to avoid cancellation effective May 30.

- If the payment received at the end of the 30-day grace period is short or returned due to insufficient funds, there is no need to allow an additional grace period and coverage is cancelled.

Example: Employee was sent a payment invoice on April 10, indicating payment is due May 1, with a 30-day grace period ending June 1. On May 15, employee has not submitted the payment for May. The written cancellation notice is mailed to the employee by May 15 indicating that full and complete payment must be received by June 1 to avoid cancellation effective May 30.

Employee submits a check on June 1, but it is returned due to non-sufficient funds on June 10. Employee should be notified that full and complete payment was not received by June 1 due to NSF and benefits cancelled effective May 30.

Note: Cancellation due to failure to pay premiums does not constitute a qualifying event under COBRA.

If employee fails to make premium payments and coverage is cancelled:

- If employee fails to make full and complete payment by the end of the grace period (resulting in cancellation of coverage), employee may be given a one-time exception to pay in full if they come forward within 90 days of the date coverage was cancelled. These one-time exceptions should be tracked and not allowed beyond one time or beyond 90 days. Employees requesting more than one exception or requesting exception beyond 90 days should be told that they may file a Group Insurance Regulations appeal (see GIR Administrative Supplement I-A).

Example: Employee was sent a payment invoice on April 10, indicating payment is due May 1, with a 30-day grace period ending June 1. On May 15, employee has not submitted the payment for May. The written cancellation notice is mailed to the employee by May 15 indicating that full and complete payment must be received by June 1 to avoid cancellation effective May 30. Employee does not submit payment by June 1 so benefits cancelled effective May 30. On July 10, employee comes forward, indicating he has moved to another state and mail forwarding failed to send his notices until today. Since it is within 90 days of May 30, a one-time exception may be allowed, but full payment for May and June must be paid and received within 7 days. Also, payment for July was due July 1 and employee is within the 30-day grace period of July. All of this should be documented in writing to the employee. If full payment for July is not received by July 15, cancellation notice for July 31 should be sent by July 15.

Example: Employee was sent a payment invoice on April 10, indicating payment is due May 1, with a 30-day grace period ending June 1. On May 15, employee has not submitted the payment for May. The written cancellation notice is mailed to the employee by May 15 indicating that full and complete payment must be received by June 1 to avoid cancellation effective May 30. Employee does not submit payment by June 1 so benefits cancelled effective May 30. On September 10, employee comes forward, indicating he is at the pharmacy trying to pick up prescriptions and now wishes to make back payments to reinstate coverage. Since it is beyond 90 days of May 30, an exception is NOT allowed, and employee should be advised to file an appeal to the Group Insurance Regulations (see GIR Administrative Supplement I-A)..

Direct Payment of Premiums Due to Insufficient Funds

Employees who are in a stability period and whose paychecks are reduced to the extent that premiums cannot be paid may continue coverage through the end of the stability period by making direct payment of premiums. Employees must make arrangements with their local Benefits Office or UCPath Center to continue coverage. Any past due premiums are due within 30 days. All future premiums will be given a due date and a 30-day grace period to make a payment.

Example: Employee has insufficient funds to pay for premiums for the months of March and April. The employee approaches the benefits office on April 5 to make arrangements to direct pay premiums. All

past due premiums are due on May 5. Premiums for June will be due on June 1, with a 30-day grace period that will end on June 30.

If employee fails to make premium payments for their coverage:

If full and complete payment is not received, coverage will terminate.

Example: Employee has insufficient funds to pay for premiums for the months of April and May. The employee fails to make full payment of past due premiums by May 30. Employee will be disenrolled from coverage retroactive to April 1.

Example: Employee has insufficient funds to pay for premiums for the months of April and May. The employee makes full payment of past due premiums. Employee does not pay the premium due for June. Employee will be disenrolled from coverage retroactive to June 1.

If employee fails to make premium payments and coverage is cancelled:

If employee fails to make full and complete payment by the end of the grace period (resulting in cancellation of coverage), employee may be given a one-time exception to pay in full if they come forward within 90 days of the date coverage was cancelled. These one-time exceptions should be tracked and not allowed beyond one time or beyond 90 days. Employees requesting more than one exception or requesting exception beyond 90 days should be told that they may file a Group Insurance Regulations appeal.

Example: Employee was sent a payment invoice on April 10, indicating payment is due May 1, with a 30-day grace period ending June 1. On May 15, employee has not submitted the payment for May. The written cancellation notice is mailed to the employee by May 15 indicating that full and complete payment must be received by June 1 to avoid cancellation effective May 30. Employee does not submit payment by June 1 so benefits cancelled effective May 30. On July 10, employee comes forward, indicating he has moved to another state and mail forwarding failed to send his notices until today. Since it is within 90 days of May 30, a one-time exception may be allowed, but full payment for May and June must be paid and received within 7 days. Also, payment for July was due July 1 and employee is within the 30-day grace period of July. All of this should be documented in writing to the employee. If full payment for July is not received by July 15, cancellation notice for July should be sent by July 15.
