

Administrative Supplement II-C Procedures for Continuing Coverage Via Direct Pay

Background

An Eligible Employee or Eligible Postdoctoral Scholar may continue benefits via Direct Payment of Premiums if premiums cannot be collected from an Eligible Employee's or Eligible Postdoctoral Scholar's pay.

Continuation is only available for an Eligible Employee or an Eligible Postdoctoral Scholar who are enrolled in the benefit plan prior to the following instances:

- Approved Leave With Pay
- Approved Leave Without Pay
- Temporary Layoff
- Furlough
- Short Work Break
- Lapse of Coverage due to Change in Earnings
- Service Periods Differ from Pay Periods
- FTE Reduced to Zero **and** Pay Group Changed from Bi-weekly or Monthly to Without Salary (WOS)

An Eligible Employee or Eligible Postdoctoral Scholar retain eligibility for the duration of these instances.

An Eligible Employee or Eligible Postdoctoral Scholar may drop coverage for some benefits throughout the duration of Direct Pay. An Eligible Employee or Eligible Postdoctoral Scholar may drop coverage for dependents, but continue enrollment for themselves at the time they elect to continue coverage via Direct Pay. These elections must be made prior to the event.

An Eligible Employee or an Eligible Postdoctoral Scholar who declines to continue coverage via Direct Pay for themselves and/or their dependents during an approved Leave With Pay may not re-enroll until Open Enrollment. In all other instances, an Eligible Employee or an Eligible Postdoctoral Scholar will be allowed to re-enroll themselves and/or their dependents in accordance to Section 1005.C.

Direct Payment of Premiums

An Eligible Employee and Eligible Postdoctoral Scholar must make arrangements with the UCPath Center to continue coverage via Direct Pay. An Eligible Employee or Eligible Postdoctoral Scholar will 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. (GIR III) and Section P1008.C. (GIR V)), premiums are due for the current coverage month.

Example: An Eligible Employee is on leave and is sent an invoice on April 1, indicating that payment for April is due on April 30 and the 30-day grace period will end on May 30.

An Eligible Employee or Eligible Postdoctoral Scholar who is 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. An Eligible Employee must make arrangements with the 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.

If Eligible Employee or Eligible Postdoctoral Scholar fails to make premium payments for their coverage:

The obligation to maintain the coverage of an Eligible Employee or Eligible Postdoctoral Scholar will end if the Eligible Employee's or Eligible 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, coverage will terminate. Use the following FMLA-required guidelines for all types of leave:

- If a payment is not made on time or the payment is short, the Eligible Employee or Eligible 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: Eligible Postdoctoral Scholar was sent an invoice on April 1, indicating payment is due April 30, with a 30-day grace period ending May 30. On May 15, the Eligible Postdoctoral Scholar has not submitted the payment for April. The written cancellation notice should be mailed to the Eligible Postdoctoral Scholar by May 15, indicating that full and complete payment must be received by May 30 to avoid cancellation effective retroactive to April 1.

- 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: The Eligible Employee was sent an invoice on April 1, indicating payment is due April 30, with a 30-day grace period ending May 30. On May 15, the Eligible Employee has not submitted the payment for April. The written cancellation notice is mailed to the Eligible Employee by May 15 indicating that full and complete payment must be received by May 30 to avoid cancellation effective retroactive to April 1. The Eligible Employee submits a check on May 30, but it is returned due to non-sufficient funds on June 10. The Eligible Employee should be notified that full and complete payment was not received by May 30 due to NSF and benefits cancelled effective April 1.

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

If Eligible Employee or Eligible Postdoctoral Scholar fails to make premium payments and coverage is cancelled:

- If an Eligible Employee or Eligible Postdoctoral Scholar fails to make full and complete payment by the end of the grace period (resulting in cancellation of coverage), the Eligible Employee or Eligible Postdoctoral Scholar's coverage terminates retroactive to the end of the month in which premium payments were last made. An Eligible Employee or Eligible Postdoctoral Scholar may be given a one-time exception to pay in full if they come forward within 90 days of the end date of the grace period. These one-time exceptions should be tracked and not allowed beyond one-time per leave or beyond 90 days. An Eligible Employee or Eligible Postdoctoral Scholar 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: Eligible Employee was sent an invoice on April 1, indicating payment is due April 30, with a 30-day grace period ending May 30. On May 15, the Eligible Employee has not submitted the payment for April. The written cancellation notice is mailed to the Eligible Employee by May 15 indicating that full and complete payment must be received by May 30 to avoid cancellation effective April 1.

If the Eligible Employee does not submit payment by May 30, benefits are cancelled effective April 1. On June 10, the Eligible 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 April and May must be paid and received within 7 days to become eligible for the one-time exception reinstatement.

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

If the Eligible Postdoctoral Scholar does not submit payment by May 30, benefits will be cancelled effective April 1. On September 10, the Eligible Postdoctoral Scholar 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 from May 30, an exception is NOT allowed, and the Eligible Postdoctoral Scholar should be advised to file an appeal to the Group Insurance Regulations (see GIR Administrative Supplement I-A).
