Ohio Farm Bureau Health Benefits Plan

COVID Update March 23rd, 2020

Health Insurance Coverage Flexibility for Ohio Employers

The Ohio Department of Insurance has directed insurers, specifically including multiple employer welfare arrangements ("MEWAs") to adopt special coverage flexibility. As the Ohio Farm Bureau Health Benefits Plan (the "Arrangement") is a MEWA, the following requirements have been placed into effect during the state of emergency declared by Governor DeWine. The outline of these requirements follows the general format of the ODI Bulletin with some adaptation to the Arrangement in order to provide further detail and clarity.

The regulatory environment is in a state of flux and further guidelines could be provided at any time by federal or state agencies.

<u>Employee Eligibility</u>

For the Arrangement, this option will be called the *<u>Maintain Current Coverage</u>* option.

The Arrangement will permit Participating Employers to continue covering employees under the Arrangement's health benefit plan even if the employee would otherwise become ineligible due to hours worked per week. The Arrangement is required to permit employers to continue provided coverage to employees under the Participation Agreement regardless of "actively at work" or similar eligibility requirements in the policy. Additionally, the Arrangement will not increase Premium Equivalent Rates based on a group's decreased enrollment or employee participation rate due to COVID-19.

For the Arrangement, this means the following:

1. An employer can reduce hours or lay-off employees and still have coverage in place for the employees.

2. Employers must not discriminate against equally situated employees. For example, if the normal employee hours minimum hours worked is 30 hours and if the reduced hours workforce is now 16 hours, all employees working 16 hours a week must be given the opportunity to enroll in the Arrangement.

3. If the Participating Employer elects this option, benefits will be paid maintained and the Continuation option exists. Claims will be paid under this option.

4. Participating Employers will be allowed to reduce their benefits one time during the state of emergency time period. This can be used to make the Premium Equivalent Rate ("PER") funding more affordable.

Grace Period for Premium Payment

The Arrangement will give Participating Employers the option of deferring PER funding payments coming due, interest free, for up to 60 calendar days from each original premium due date. The Arrangement refers to this as the *Deferred Premium* Option.

For the Arrangement, this means the following:

1. For the April 2020 PER Invoice due on March 24th. Normal grace period would end April 8th, 2020 (for discussion purposes.)

2. If the April PER due is not paid by June 8th, 2020, the Arrangement coverage is cancelled effective April 1st, 2020.

3. Properly submitted claims will be placed on hold until the date the PER is paid. It will take up to thirty (30) days to reactivate claims payment, perhaps faster depending on administrative processing volumes. Coverage has been maintained during the *Deferred Premium* time period although the claims payment was placed on hold pending receipt of PER at the end of the lengthened grace period.

Continuation Coverage

COBRA. For Participating Employers that were considered as having 20 or more employees for purposes of COBRA eligibility, as long as one person is actively employed, eligible employees may elect to continue coverage under COBRA under the normal notice and election procedures.

State Continuation. For Participating Employers that employ fewer than 20 people, as long as one person remains actively employed and enrolled in the Arrangement, eligible employees may elect to continue coverage under state continuation coverage for up to twelve months. Insurers should work with employers to ensure employees receive the appropriate notice of these options.

Health Benefit Plan Termination. If no active employees remain covered under a plan, COBRA and state continuation coverage are not options and employees will be eligible for a special enrollment period.

Special Enrollment

Employees who lose coverage are eligible for a special enrollment period to enroll in new coverage. Premium subsidies may be available for those that qualify by purchasing plans on the federal exchange. Plans on the federal exchange are effective the first day of the next month after enrollment. For those purchasing policies sold outside of the federal exchange, Insurers shall waive normal special enrollment procedures and allow applicants to obtain coverage effective the day after the loss of employment. You may have your employees call (Special Enrollment assistance at current carrier.)

Expiration.

These procedures expire on upon the expiration of the state of emergency declared by Governor DeWine on March 9, 2020.

What this Means?

Participating Employers enrolled in the Arrangement Effective March 1st 2020 have three basic health benefit coverages available to them. For administrative simplicity, the Arrangement recommends the *Maintain Current Coverage* option to ensure employees have coverage on a continuous basis. The Elect Deferred Premium Option automatically occurs if the Participating Employer does not may their invoice on a timely basis. It will take up to thirty days to activate the Maintain Current Coverage once the Deferred Premium Option is chosen. The Terminate Coverage option allows formerly enrolled employees to obtain off-exchange ACA coverage, subsidized ACA coverage or Medicaid coverage, depending on their personal income. No Continuation options are available.

Participating Employers are encouraged to discuss their options with their Agent who enrolled them in the Arrangement.

1. *Maintain Current Coverage*. This option exists for current and new hires under Employee Eligibility. As long as PER invoice amounts are paid, claims will be paid. Employers may start under the Maintain Current Coverage, then choose to Elect Deferred Premium Option or Terminate Current Coverage options in the future.

2. *Deferred Premium*. This option exists for current and new hires under the Grace Period for Deferred Premium. This is an election that can be made immediately or in the future. Participating Employers can choose either the *Maintain Current Coverage* or *Terminate Coverage* options in the future. When the elect *Deferred*

Premium option is changed to *Maintain Current Coverage*, please allow up to thirty days for activation of payment of claims.

For ease of administration, it is recommended that if you choose the Deferred Premium option, you permanently elect the *Maintain Current Coverage* option although you have the legal right under this bulletin to go back and forth between *Maintain Current Coverage* and *Deferred Premium* during the emergency period.

3. *Terminate Coverage Option*. This option exists at any time. Coverage ceases. No Continuation of Benefits options exist. The Participating Employer is relieved of all continuation options. After a break in coverage has occurred, the Participating Employer could apply for coverage through the normal new sales and underwriting process. Simplified underwriting will likely exist for employees enrolled before the state of emergency was declared.

Your OFB HBP agent will be contacting you shortly to explain the implications of the options available to you and to help you understand your elections.