

Office Memorandum

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To: Agency HR Directors and Designees, DDIR staff

From: Galen Benshoof
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Subject: Update - Waiver of medical coverage

Effective July 1, 2017, all employees eligible for the full employer contribution may waive medical coverage by signing and dating a form and providing proof of other coverage. This new waiver provision, enacted by the 2017 legislature, was included in the State Government Omnibus bill (2017 First Special Session, Chapter 4, Article 2, Section 26).

Similar FAQs for employees have been posted on our website.

Frequently Asked Questions – for state agencies

1. When can employees begin waiving coverage?

The provision takes effect on July 1, 2017. Beginning on that date any new hire or newly eligible employee can choose to waive medical coverage. Employees enrolled in medical coverage can change their coverage level, including waiving coverage, during Open Enrollment or upon a qualified life event.

2. Who can waive coverage under this policy?

All employees can waive medical coverage, including those eligible for the full employer contribution under the applicable labor agreement or compensation plan as well as those eligible only under law.

3. How does an employee waive medical coverage?

- Employees eligible for a full employer contribution: Must submit a completed [Waiver of Medical Coverage Form](#) and acceptable proof of other coverage to SEGIP's office within the employee's enrollment period. Employees eligible for medical coverage due to Employer Shared Responsibility (ESR) must provide proof of other coverage.
- Employees eligible for a partial or no employer contribution: May waive coverage without providing proof of other coverage.

4. Will any waiver form be accepted?

No. Beginning July 1, 2017, only [the Waiver of Medical Coverage Form](#) will be accepted.

5. What other coverage will be accepted?

Other types of medical coverage that are accepted include group health plans sponsored by an employer or other entity such as a trade group, Veterans Affairs coverage, TRICARE, Part A and/or Part B of Medicare, or certain public programs.

Other coverages that are not accepted include an individual health policy purchased on or off a Public Marketplace, a health reimbursement account (HRA) or a health savings account (HSA) that are not paired with a high deductible health plan (HDHP), a flexible saving account (FSA), disability coverage, long-term care insurance, automobile coverage, or other insurance coverage that does not primarily cover both hospital and medical costs or that does not provide minimum essential coverage.

6. What proof of other coverage will be accepted?

Generally, the proof must be an official document from the coverage provider that demonstrates the employee and the employee's tax dependents, if any, will have acceptable medical coverage for the period the coverage is being waived.

- Other group coverage (including another employer): Letter on that employer's/group's letterhead, dated and signed by a company official within the last 30 days.
- VA care and Medicare coverage: A copy of the membership card.
- Medicaid: Official Medicaid letter dated within the last 30 days.
- TRICARE: Official proof of TRICARE Coverage dated within the last 30 days.
- Spouse or parent who is enrolled in medical coverage offered through SEGIP: Provide the name and employee ID number of the employee who will provide the coverage.

7. Who must be included in the proof of other coverage?

The proof must cover the employee and all tax dependents the employee anticipates claiming during the period the waiver is in effect.

8. How often must an employee provide proof of other coverage?

Employees must provide proof of other coverage at the time of initial waiver and then annually during Open Enrollment. The initial proof covers the year in which it is submitted. Proofs provided during Open Enrollment pertain to the upcoming plan year.

9. Is medical coverage the only benefit that requires proof of other coverage to be waived?

Yes. Medical coverage is the only insurance benefit that may require an employee to show proof of other coverage in order to waive it. Proof of other coverage is not required to waive dental or the other optional coverages.

10. Will an employee who waives coverage be allowed to enroll in SEGIP administered medical coverage at a later date?

An employee who waives the state-sponsored employee medical coverage may choose to enroll during an Open Enrollment or upon a qualified life event, provided that the employee remains eligible. Only the loss of certain types of coverages create a qualified life event. Without a qualified life event, an employee will be limited to enrolling in the state's medical coverage during Open Enrollment. Employees should call SEGIP with questions about their particular coverage.

11. Will an employee automatically be enrolled in medical coverage if the employee does not submit both the Waiver of Medical Coverage Form and proof of other coverage on time?

Yes. Any employee eligible for the full employer contribution must submit [the Waiver of Medical Coverage Form](#) and proof of other coverage by the deadline or that employee will automatically be enrolled in medical coverage.

12. How often will an employee be required to show proof of other coverage?

Proof must be provided when the employee waives medical coverage with an offer for the full employer contribution and then annually during Open Enrollment.

Example #1: An employee is appointed, offered a full employer contribution towards medical coverage (e.g. MF12), and begins work on August 10, 2018. Within the employee's 35-day enrollment period the employee waives by submitting a completed Waiver of Medical Coverage form and provides proof of other coverage. As long as the employee remains eligible for the full employer contribution the employee will be required to provide proof of other coverage during all Open Enrollment periods.

Example #2: An employee currently has the full employer contribution and has waived coverage. The employee moves to a new position and the special eligibility code changes from AW12 to MF12.

- The employee will only be able to make a new insurance election if there is a qualified life event. For example, if the employee moves between being anticipated to provide on average less than 30 hours per week to a position in which the employee is anticipated to provide on average more than 30 hours per week. If the employee has a qualified life event and chooses to waive the coverage the employee will be required to complete the Waive Medical Coverage form and provide proof of other coverage.
- If the employee has not experienced a qualified life event, there will be no option to make new insurance election. The employee will not need to provide a new form and proof of other coverage.

Example #3: An employee with the state's medical coverage moves from MF12 to AW12. This employee was providing 40 hours per week and has accepted a position anticipated to provide 25 hours per week. This employee has experienced a change in employment status (a reduction in hours from more than to less than 30 hours per week) which is a qualified life event. This employee will not receive a new packet because the employee will retain the full contribution at least through the current stability period. However, the employee may choose to waive medical coverage. If the employee chooses to waive medical coverage, a form and proof will be required, and the employee must make an affirmative waive or medical coverage will be continued.

Example #4: An employee was appointed to a position eligible for the partial employer contribution and waived coverage by not enrolling in it. The employee is then appointed to a full time position and is eligible for the full employer contribution. (The employee has moved from MP12 to MF12.) This employee will be required to submit a waiver form and submit proof of other coverage within his/her enrollment period in order to waive medical coverage. This employee has experienced a qualified life event and may make insurance elections. The employee will automatically be enrolled in medical coverage if the employee does not either enroll or submit a waiver form and proof of other coverage.

13. Will agencies continue to use the “AW” special eligibility codes?

Yes. The AW special eligibility codes will continue to be used to indicate that an employee is eligible for the full employer contribution under ESR and not under the applicable labor agreement or compensation plan. However, the AW codes will no longer indicate that an employee is eligible to waive coverage, because all employees can now waive coverage. (Remember, employees with the special eligibility code of AW12 who wish to waive coverage must complete the Waiver of Medical Coverage form and provide proof of other coverage.)

14. What special eligibility code is used for employees who waive coverage?

Agencies must enter every employee’s appropriate special eligibility code in SEMA4. The special eligibility code represents the level of coverage to which the employee is entitled. It must be retained so that an employee may later choose to enroll in medical coverage and to create a correct IRS Form 1095-C.

15. Do agencies need to track employees waiving medical coverage?

No. SEGIP will track waivers of medical coverage. SEGIP will enter approved waivers in SEMA4 or will ensure the employee is enrolled in medical coverage if the waiver is not approved. Agencies can see if an employee waived coverage on the Health Benefits page in SEMA4.

16. Will employees be given a grace period to submit proof of other coverage?

Yes. Employees must submit their [Waiver of Medical Coverage Form](#) within their enrollment period. However, they will be granted an extra 30 days from the end of their enrollment period to submit their proof of other coverage. If no acceptable proof of other coverage is provided within the grace period, and the employee is not actively working with SEGIP to obtain the proof, SEGIP will enroll the employee in medical coverage.

17. Do agencies need to provide employees with a waiver form?

No. Agencies do not need to provide employees with a waiver form. Waiver forms will be included in all enrollment packets and will be available in Self Service during Open Enrollment. Because employees will only be able to enroll during Open Enrollment, when they receive an enrollment packet, or due to qualified life events, agencies do not need to provide employees with the waiver form.