



Employer *Bulletin*

Employer Communication Center (608) 264-7900 Toll free: 1-888-681-3952 <http://etf.wi.gov>

Correction: COBRA Continuation Rights for Dependents Upon Voluntary Cancellation by Subscriber for State Agencies and Local Employers

An *Employer Bulletin* issued December 21, 2010, Vol. 27, No. 23, contained *incorrect* information regarding COBRA Continuation rights for insured dependents when the subscriber voluntarily cancels coverage or changes from family to single coverage. ETF apologizes for the mistake and any resulting inconvenience.

Below is the correct statement of policy:

“No COBRA qualifying event is created for insured dependents solely because a subscriber voluntarily cancels coverage or changes from family to single coverage. COBRA continuation coverage is available only when a loss of coverage occurs, as defined by federal rules, due to one of the following four qualifying events:

- Termination of employment (for reasons other than gross misconduct or layoff) or reduction in hours of employment;
- Divorce;
- Death of the subscriber;
- Loss of dependent child status under the plan.

Dependents who experience a loss of coverage when the subscriber voluntarily cancels coverage or changes from family to single coverage may, however, have a deferred enrollment opportunity through the dependent’s employer under the federal Health Insurance Portability and Accountability Act (HIPAA).”

For State Agencies and Local Health Employers: Loss of Coverage for Adult Dependents Notification

As you know, 2011 Wisconsin Act 32 lowers the age limit for eligible adult dependents to 26, beginning January 1, 2012. ETF will terminate coverage for dependents turning 27 in 2012 effective December 31, 2011.

ETF will notify all State and participating local health employers that have employees with dependents, who are affected by this change, by the end of November, 2011. The notification will include a list indicating dependents whose coverage will end on December 31, 2011. Employers must use this list to identify dependents who will be eligible to receive continuation conversion coverage and issue the Continuation Conversion Notice (ET-2311) to them by January 6, 2012.

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The only adult children who may remain eligible over the age of 26 are those who are disabled and approved for continuing coverage by the health plan, or full time students who qualify under the military provision in the law.

Employers can request the dependent list in either an electronic format or a paper copy sent via fax or U.S. mail. This same information can be obtained by conducting a “Dependent Inquiry” search under the Employer tab in myETF Benefits.

For Local Health Employers: FAQs Regarding 2011 Wisconsin Acts 10 & 32

Local employers should consult ETF’s Internet site for an updated Frequently Asked Questions (FAQs) document addressing the affect of 2011 Wisconsin Acts 10 and 32 on the Wisconsin Public Employers (WPE) Group Health Insurance program.

For Local Health Employers: Employee Payment in Lieu of Coverage

Employers are prohibited from providing payment to employees who decline coverage under the WPE Group Health Insurance program. Employers agree to abide by the terms of the health insurance contract by virtue of their resolution to join our program. The prohibition is not intended to penalize a municipality for having such a provision in its collective bargaining or personnel rules, as long as it makes a good-faith effort to remove it as soon as practicable. Employees continue to have the option of declining coverage under the WPE Group Health Insurance program, although employers may not pay them to decline coverage. Employers who are found to have not made a good-faith effort to discontinue the practice as soon as practicable may be monitored by ETF for compliance or compelled to withdraw from the program.

For State Agencies: Termination of Coverage Due to Employee Death

Employers have asked whether an employee death is considered a *termination of employment* for purposes of termination of coverage at the end of the month in which the death occurs. The answer is no. When an employee dies, coverage for the surviving spouse and eligible dependents ends at the end of the month for which premiums have been deducted from the employee’s paycheck. Thereafter, the surviving spouse and eligible dependents may continue coverage at group rates without State contribution toward the premium. The surviving spouse may continue coverage indefinitely; eligible dependents may continue coverage as long as they remain eligible under the program.

Contact Information

For questions regarding this *Employer Bulletin*, please contact the Employer Communication Center toll-free at (888) 681-3952 or (608) 264-7900.