



Health Insurance Coverage End-Date For A Dependent Spouse Following Divorce

The Department of Employee Trust Funds (ETF) recently reviewed statutory language [§ 632.897 (2) (c), Wis. Stat.] regarding health insurance coverage for dependent spouses following divorce. Following a divorce, the health insurance coverage for the former spouse terminates at the later of the end of the month in which the employer provides notice of continuation/conversion rights or the end of the month in which the divorce is entered. This requirement supercedes information previously presented in *Employer Bulletin*, Vol. 19, No. 13 (July 15, 2002), which stated that the coverage termination is based on the date that the employer was notified of the divorce.

Effective immediately, a copy of the *Continuation-Conversion Notice* (ET-2311) must be attached to the ETF Advance Copy of the employee's *Group Health Insurance Application* (ET-2301/ET-2302) or *Health Insurance Information Change* form (ET-2329) that deleted coverage for the former spouse. Employers and ETF must coordinate the coverage end-date in Item 2 of the *Continuation-Conversion Notice* with the change in coverage date ("Prospective Date of Coverage") on the employee's *Group Health Insurance Application* or *Health Insurance Information Change* form.

Employee Responsibilities

When reporting health insurance coverage changes following a divorce, employees are required to:

- Report the change in marital status to their employer.
- Complete a *Group Health Insurance Application* to delete the former spouse and change from family to single coverage, if there are no other eligible covered dependents.

OR

- Complete a *Health Insurance Information Change* form to delete the former spouse and retain family coverage for other eligible dependents.

Employer Responsibilities

Once informed of the employee's divorce, the employer is required to:

- Provide a *Group Health Insurance Application* or a *Health Insurance Information Change* form to the employee to complete.
- Complete the employer section of the *Continuation-Conversion Notice*. In Item 8, enter the date the *Continuation-Conversion Notice* is provided to the qualified beneficiary(ies). The coverage end-date provided in Item 2 is the later of (a) the end of the month in which the employer provides

the *Continuation-Conversion Notice* to the qualified beneficiary(ies) or (b) the end of the month in which the divorce is entered.

Example: Divorce entered 06/28/2006. Employee notifies employer of divorce on 06/25/2006 and submits a *Group Health Insurance Application* to delete the former spouse by changing to single coverage. Employer provides the *Continuation-Conversion Notice* to the former spouse on 07/01/2006.

In this example, the later date is 07/01/2006—the date the employer provides the *Continuation-Conversion Notice*. Therefore, coverage ends for the former spouse on 07/31/2006. However, had the employer provided the *Continuation-Conversion Notice* to the former spouse on 06/25/2006, the later date is 06/28/2006—the date the divorce is entered. The coverage end date would be 06/30/2006.)

- Provide the employer-prepared *Continuation-Conversion Notice* to the qualified beneficiary(ies). In accordance with state statute, the *Continuation-Conversion Notice* must be provided within five days of receiving notice of the divorce from the employee.
- Complete the employer section of the employee's *Group Health Insurance Application* coordinating the "Prospective Date of Coverage" with the coverage end-date provided in Item 2 on the *Continuation-Conversion Notice*.

OR

- Complete the employer section of the employee's *Health Insurance Information Change* form coordinating the "Prospective Date of Coverage" with the coverage end-date provided in Item 2 on the *Continuation-Conversion Notice*.
- Attach a copy of the *Continuation-Conversion Notice* to the ETF Advance Copy of the employee's *Group Health Insurance Application* or *Health Insurance Information Change* form and send to ETF.

Providing The Continuation - Conversion Notice

Currently under Federal Law, employers are required to provide the *Continuation-Conversion Notice* to qualified beneficiaries within 14 days of being notified of any event resulting in an employee and/or dependents losing their health insurance coverage. In certain situations such as divorce, death, and employee loss of eligibility, State law requires that the *Continuation-Conversion Notice* be provided to qualified beneficiaries within five (5) days. For consistency and correct administration, employers will now be required to provide the *Continuation-Conversion Notice* to qualified beneficiaries within five (5) days of being notified of any event resulting in the loss of coverage. Employers can continue to use the 10/2005 version of the *Continuation-Conversion Notice*.

For additional information regarding health insurance continuation, consult the *Health Insurance Employer Administration Manual* (State Agencies, ET-1118; Local Government Employers, ET-1144). For questions regarding this *Bulletin*, please contact the Employer Communication Center Toll Free at 1-888-681-3952 or the local Madison number at (608) 264-7900.