

# STATE HEALTH PLAN RULES

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<b>Rule Citation:</b>	<b>20 NCAC 12 .0101(b)</b>
<b>Rule Title:</b>	<b>SHP Rule on Member Terminations and Reinstatements</b>
<b>Current Effective Date:</b>	<b>March 15, 2019</b>
<b>Original Effective Date:</b>	<b>March 15, 2018</b>

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**Applies to:** North Carolina State Health Plan for Teachers and State Employees, a Division of the Department of State Treasurer

**Keywords:** Audit, Dependent Eligibility, State Health Plan, Dependent Termination

## Background

Federal reporting: The North Carolina State Health Plan for Teachers and State Employees (“Plan”) is required to provide periodic Member specific reports, known as Section 111 reporting, to the Centers for Medicare and Medicaid Services (“CMS”). Individual employers (“employing units”) are required to provide Member specific reports to the Internal Revenue Services (“IRS”) to meet Section 6055 or 6066 mandates. To facilitate these federal reporting requirements, the Plan requires valid Social Security Numbers (“SSN”) for all covered Members, except Members who are foreign nationals. To prevent the continual review of dependents of Foreign Nationals, Benefitfocus generated numbers can be added as a substitute SSN for these identified dependents. While the enrollment system, eEnroll, requires that an SSN be added for every Member over the age of six (6) months, eEnroll does not have SSN validation.

Enrollment Eligibility: The majority of Plan Subscribers pay their premiums on a pre-tax basis, thereby reducing their total taxable income. Section 125 of the Internal Revenue Code provides guidelines for any changes impacting a pretax deduction. The IRS also outlines the qualifying life events (“QLE”) that enable a Subscriber to make changes to his/her coverage outside of the initial enrollment and/or open enrollment periods. And finally, N.C. Gen. Stat. § 135-48.40 outlines the timeframes for enrollment and classes of eligibility. To ensure compliance with IRS guidelines and N.C. Gen. Stat. § 135-48.40, the Plan requires that Subscribers provide QLE and dependent verification documentation. Documentation of a dependent’s eligibility is also required when a dependent is added to the Plan due to a new hire event, a QLE, or open enrollment.

## Purpose

The purpose of this rule is to outline the reinstatement guidelines for Plan Members whose coverage has been terminated by the Plan because they enrolled or dropped coverage using a QLE and have not provided supporting documentation for that QLE or because a dependent verification documentation has not been provided. This also applies to dependents who are terminated for not providing a valid SSN or documentation as to why an SSN is not available. Additionally, this rule addresses Subscribers who request that their dependents be added back to their coverage by the Plan because they did not provide appropriate QLE documentation to support the termination of coverage. This rule does not apply to Members terminated for non-payment. (See the Plan’s Rule on Arrears). The prior policy and procedure for dependent reinstatements went into effect March 1, 2018, and applied to any reinstatement requests received on or after that date. This rule for terminations and reinstatements supersedes the prior policy. This rule for dependent reinstatements is effective March 15, 2019, and applies to any reinstatement requests received on or after that date.

## Related Statutes, Rules, and Policies

North Carolina General Statutes, Chapter 135, Article 3B, Parts 1 – 4

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N.C. Gen. Stat. § 135-48.30(9)  
N.C. Gen. Stat. § 135-48.40(d)(7)  
N.C. Gen. Stat. § 135-48.41(a), (b), (c), and (h)  
N.C. Gen. Stat. § 135-48.42(d) – (e)  
N.C. Gen. Stat. § 135-48.44(a)(6) and (8)

## Rule

### Terminations:

- **QLE and Dependent Documentation:** The Plan will conduct ongoing audits to confirm appropriate QLE documentation has been provided for Members who are dropped or added as a result of a QLE. The Plan will also confirm that appropriate dependent verification documentation has been provided for all new dependents, whether they are added during the Subscriber's initial enrollment, open enrollment, or as a result of a QLE. Subscribers who have not provided sufficient documentation to support enrollment into the Plan may be terminated.
- **Social Security Numbers:** Because eEnroll does not have SSN validation, the Plan must routinely query for valid SSNs and will follow up with Subscribers and provide a deadline for supplying a valid SSN. The Plan will also follow up with Subscribers who have not provided a SSN for dependents who have reached six months of age. Members who do not respond to the SSN inquiries by the deadline, may be terminated.

### Reinstatements:

- **Terminations requested by Subscribers without QLE Documentation:** As described, if a Subscriber has removed a dependent using a QLE and has not provided appropriate documentation to support the QLE, the Plan will reinstate the dependent equal to the termination date. The Subscriber will be responsible for any retroactive premiums owed for this period.
- **Terminations processed by the Plan because insufficient documentation has been provided to support the enrollment:** Subscribers and/or their dependents who are terminated by the Plan for insufficient documentation may be reinstated if appropriate documentation is submitted to the Plan via the enrollment exception process. (See the Plan's Rule on Enrollment Exception and Appeals). If the exception is approved, the enrollment will be reinstated equal to the termination date and the Subscriber will be responsible for all retroactive premiums. Otherwise, any Member whose coverage is terminated for improper or insufficient documentation will not be eligible to enroll without a new QLE or until the next open enrollment period.

## Roles and Responsibilities

Plan: The Plan will conduct audits of enrolled Member information including SSN audits, audits of QLE used to add or remove coverage, and audits of dependent eligibility verification documentation. When conducting an audit, the Plan will reach out to the Subscriber to request the appropriate documentation. After approximately 10 business days, the Plan will reach out to the employing unit to request the appropriate documentation. If no response is received from the employing unit after two business days and/or the appropriate documentation has not been provided, the action will be reversed back to the last day of the month in which premiums were due.

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In the event of a targeted audit, the Plan will notify Members and Employing Units in advance about the audit and any deadlines associated.

Employing Unit: Employing Units are responsible for managing Plan enrollment by ensuring that employees are offered the appropriate coverage and premium based on their eligibility for the Plan, and by validating all dependent eligibility and QLE documentation. The online enrollment tool provides a “pending approval” task on the “to-do” list for all changes made by Subscribers (employees). This task list should serve as an indicator that documentation is required from the Subscriber for their QLE and/or newly added dependents.

Employing units are also responsible for submitting an exception for an employee who has their enrollment reversed by the Plan because of insufficient documentation.

Subscriber: A Subscriber is the primary contract holder. Subscribers are responsible for ensuring their dependent information is accurate. All dependents over six months, must have a SSN or Tax ID. Additionally subscribers must upload documents into eEnroll or provide supporting documentation to their employing unit to validate:

- any QLE within 30 days of the event;
- any dependent added to the Plan.

Uploading documents provides easy access for the Plan to view the documentation when audits are conducted.

Member: A Member is any Subscriber or Dependent currently enrolled in the Plan for which a premium is paid.

Non-active Subscriber: A non-active Subscriber is a subscriber who is not an active employee.

## Nature of the Rule

The rule serves as a binding interpretative statement, within the delegated authority of the Department of State Treasurer pursuant to N.C. Gen. Stat. § 135-48.25. The rule implements the laws and regulations listed above. Those laws or regulations, not this rule, shall take priority if they conflict in any way.

## Implementation

1. Publish the rule on the State Health Plan website.
2. Distribute the rule through an HBR newsletter.
3. Accept public comment on the rule.
4. Include the rule in HBR trainings.
5. Update the benefit booklets with the rule.
6. Include information for non-active subscribers in the materials sent by the Plan’s billing vendor.

## Enforcement

This rule may be amended by the Plan’s Executive Administrator, in consultation with the Board of Trustees. Proposed amendments will be noticed for public comment at least 30 days prior to adoption.

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## Revision/Review History

Version/Revision	Date Approved	Description of Changes
V1.0	March 15, 2018	New Policy
V2.0	March 15, 2019	New Rule

*For questions or clarification on any of the information contained in this rule, please contact the rule owner or designated contact point: Caroline Smart, Senior Director of Plan Integration at [Caroline.Smart@nctreasurer.com](mailto:Caroline.Smart@nctreasurer.com)). For general questions about department-wide rules, policies, and procedures, contact the [DST Policy Coordinator](#).*