



Employer *Bulletin*

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

Annual Adult Dependent Eligibility Mailing

The Department of Employee Trust Funds (ETF) requires that participating health plans send an annual notice and *Adult Child Eligibility Form* to subscribers with dependents age 19 or older (other than spouses). Copies of the letter and form accompany this *Bulletin*.

Participating health plans are set to mail the letter and verification form to subscribers the week of October 26. The deadline to return the *Adult Child Eligibility Form* to the health plan is December 1, 2009. Health plans must receive verification forms by this date in order to ensure that coverage will continue on January 1, 2010. If health plans receive the verification forms after December 1, the dependent's health insurance coverage may end as of December 31, 2009.

Note: Health plans are not allowed to accept verbal responses to the *Adult Child Eligibility Form*.

Incomplete and/or unreturned verification forms may result in denied/delayed prescription drug benefits and claims for dependents.

Subscribers switching health plans during the 2010 It's Your-Choice enrollment period must complete and return the *Adult Child Eligibility Form* to the health plan that initiated the letter and covered the subscribers in 2009, not the new health plan selected for 2010. ETF will notify the new health plan of any dependent status changes based on responses to the *Adult Child Eligibility Form*.

Employees are instructed to submit a *Group Health Insurance Application/Change Form* (ET-2301) to you so you can delete dependents and issue COBRA continuation notifications.

Note: If the employee with family coverage chooses not to continue coverage of an adult child that is otherwise eligible, it is a voluntary cancellation and the child is not eligible for COBRA coverage.

By December, ETF will have a dependent inquiry application on the Online Network for Employers (ONE). Employers can run reports at the dependent level, using various filters. Employers can use the dependent inquiry to collect eligibility and tax dependent status information on insured dependents, based on response data that health plans submit to ETF beginning December 14, 2009. Because the information on dependents whose coverage is terminated will be available on the dependent inquiry application, ETF will no longer provide these reports.

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Employer Responsibility:

- A. Change from family to single coverage resulting from a change in dependent eligibility status:
1. Receive a completed *Group Health Insurance Application/Change Form* (ET-2301) from any subscriber changing from family to single coverage, and
 2. Issue a *Continuation - Conversion Notice* (ET-2311) to previously covered dependent(s).
- B. Family coverage remains in force following removal of a dependent from coverage:
1. Receive a completed *Group Health Insurance Application/Change Form* (ET-2301) deleting the dependent from the existing family contract, and
 2. Issue a *Continuation - Conversion Notice* (ET-2311) to previously covered dependent(s).

If the employee chooses not to continue coverage of an adult child that is otherwise eligible, it is a voluntary cancellation and the child is not eligible for COBRA continuation.

Dependent Reinstatement

In the event a dependent is terminated due to non-response to the health plan's *Adult Child Eligibility Form*, coverage can be reinstated back to the date of termination by submission to ETF by January 31, 2010, of a *Group Health Insurance Application/Change Form* (ET-2301) adding the dependent back on the family coverage.

Reminder: Pharmacy Benefit Manager (Navitus) ID Cards

The program's pharmacy benefit manager, Navitus Health Solutions, will send new identification (ID) cards to subscribers only when one or more of the following information changes occur:

- New health plan selected, including selections made during It's Your-Choice
- Dependent(s) added or deleted
- Group number change
- Name change

Subscribers without any of the changes noted above should continue to use their existing Navitus ID card. Subscribers can request additional copies of their ID card by contacting Navitus customer service at:

Navitus Health Solutions
5 Innovation Court
Appleton, WI 54912
Phone: (toll free) 866-333-2757
www.navitus.com

Corrections/Updates to the 2010 *It's Your Choice* Booklet

Notices regarding any corrections/updates to your 2010 *It's Your Choice* booklets can be found on ETF's Internet site at http://etf.wi.gov/members/health_ins.htm. Please notify employees that corrections are available electronically.

Contact Information for Questions

- Employers' contact for the annual dependent eligibility process and PBM ID cards:
Department of Employee Trust Funds
Employer Communication Center
Toll free at (888) 681-3952 or
Local Madison at (608) 264-7900
- Subscribers' and participating providers' contact for additional information regarding benefits:
Health plan or
Navitus Health Solutions, Pharmacy Benefit Manager
- Subscribers' contact regarding applications, eligibility, enrollment, and general information:
Department of Employee Trust Funds
Toll free at (877) 533-5020 or
Local Madison at (608) 266-3285

(Health Plan Letterhead)

<Date>

<Subscriber Name>

<Address>

<City, State Zip>

Dear <Health Plan> Subscriber:

This letter contains important information about your adult child's eligibility for health insurance coverage under the State of Wisconsin group health insurance program in 2010.

We are required by the Wisconsin Department of Employee Trust Funds (ETF) to annually verify the eligibility of all insured children age 19 and older for health insurance. We do this by having you complete the enclosed *Adult Child Eligibility Form - 2010* **that you must return to us by December 1, 2009, if your adult child is eligible next year.** *If we do not receive this form by December 1, your child's health insurance coverage (including pharmacy benefits) will end on December 31, 2009.*

Effective January 1, 2010, adult children are now eligible for coverage up to the end of the month in which they turn 27, as long as:

- They are not married, and
- They are not eligible for health insurance through their own employer for which the amount of their premium contribution is less than the additional premium amount you are required to pay to insure your adult child on your policy.

NOTE that if your adult child is not your tax dependent for income tax purposes, the fair market value of the benefit for that insured dependent may be considered imputed taxable income to you if you receive any employer contribution toward the premium, including the use of sick leave credits. It is important for your employer to know whether your adult child is a "tax dependent" so payroll taxes and annual taxable income can be calculated correctly. Guidelines in IRS Publication 501 require a qualifying child meet five tests:

1. The child must be your son, daughter or stepchild
2. The child must be
 - a. Under age 19 at the end of the year,
 - b. Under age 24 at the end of the year and a full-time student, or
 - c. Any age if permanently and totally disabled
3. The child must have lived with you for more than half of the year
4. The child must not have provided more than half of his/her own support for the year
5. If the child meets the rules to be a qualifying child of more than one person, you must be the person entitled to claim the child as a qualifying child.

For answers to frequently asked questions about this change, please go to ETF's web site at http://etf.wi.gov/publications/dependent_mandate_2010.pdf.

Important Reminders:

- **Different health plan:** Even if you have or will be changing to a different health plan for 2010, you must still return this form to us if your adult child is eligible next year.
- **COBRA continuation coverage:** Federal law generally offers persons who lose eligibility for group health insurance coverage a chance to continue their health insurance for up to 36 months. This is called "COBRA coverage," named for the federal law which created it – the Consolidated Omnibus Budget Reconciliation Act of 1986. Persons on COBRA pay the full premium and receive the same benefits as other employees. If your child loses coverage, he or she may be eligible for COBRA.
- **Notify your payroll/benefits office or ETF:** Notify your payroll/benefits office (if you are an employee) or ETF (if you are a retiree) if your child will no longer be eligible for health insurance on your plan. You will also need to complete a *Group Health Insurance Application/Change Form (ET-2301)* to remove your child from your health insurance policy. If you do not do this within 60 days of the child's loss of eligibility, your child will lose the opportunity for COBRA coverage. (Completing the enclosed form does not constitute this notice.)
- **Disabled children:** If your child is 27 years of age or older, he or she is an eligible dependent if he or she is incapable of self-support because of a physical or mental disability that is expected to last at least one year, and is dependent on either parent for at least 50% of their support and maintenance as demonstrated by the support test for federal income tax purposes. Even if we have already determined your child is disabled, you still need to complete and return the enclosed form or your child will lose coverage on December 31. *NOTE that according to IRS guidelines, a dependent must be permanently and totally disabled in order to be a tax dependent.*

The complete definition of DEPENDENT is located in the Uniform Benefits contract in the *It's Your Choice Reference Guide* booklet, which is available on the ETF web site. Also refer to the Frequently Asked Questions (FAQ) section of the *It's Your Choice* booklets and the FAQ on eligibility for children up to age 27 that is available on ETF's web site.

Please contact **<health plan/department>** toll-free at **<phone number>** if you have any questions.

Sincerely,

<health plan>



Adult Child Eligibility Form - 2010

Your adult child's health insurance ends on December 31, 2009.

You must complete this form to request health insurance coverage and report "tax dependent" status for your adult child who is 19 years or older. **If you do not respond, your adult child's coverage will be terminated on December 31, 2009.**

Section A: Must be completed

Subscriber Name (First, MI, Last)	Member/Subscriber Number (on ID Card)
Dependent Name (First, MI, Last)	Dependent's Date of Birth (MM/DD/YYYY)

- My adult child is single:
 - Yes No Date of Marriage (MM/DD/YY): ____/____/____ (skip to Section D)
- My adult child's employment situation is (check one):
 - My adult child is not employed (skip to question #4)
 - My adult child is employed but is not eligible for health insurance through his/her employer (skip to question #4)
 - My adult child is employed and eligible for health insurance through his/her employer
- Compare your adult child's premium contribution for health insurance through his/her employer to the additional premium amount you are required to pay to insure your adult child on your policy. Check the box under a. or b. below that describes your situation.
 - I need family coverage regardless of whether I choose to cover my adult child because I have other eligible dependents on my policy, so I will not be required to pay any additional premium amount to insure my adult child. My adult child's premium contribution for health insurance through his/her employer is:
 - \$0 (skip to Section D) More than \$0

OR

- I only need family coverage if I choose to cover my adult child under my policy because I have no other eligible dependents. To insure my adult child, my additional premium is the difference between what I will pay for single and family coverage.

Example 1: I am eligible for employer contribution for my health insurance and am required to pay \$34 for single coverage and \$85 for family coverage per month. My additional monthly premium for family coverage will be \$51 (\$85 - \$34).

Example 2: I do not receive employer contribution and pay the full premium. My monthly premium for single coverage is \$575 and my premium for family coverage is \$1440. My additional monthly premium for family coverage will be \$865 (\$1440 - \$575).

My adult child's premium contribution for health insurance through his/her employer is:

- Less than the additional premium I will pay for family coverage (skip to Section D)
- More than the additional premium I will pay for family coverage

- A "tax dependent" is a person that qualifies as **your** dependent on your income taxes for Internal Revenue Code purposes. To determine if your adult child is a "tax dependent," consult with your tax advisor or complete the worksheet in IRS Publication 501 basing your answers on what you anticipate for the upcoming year. (In general, the IRS requires that a qualifying child meet five tests. See the letter that you received with this form for a summary of the five tests.) NOTE that your adult child does not need to be a "tax dependent" to be eligible on your health insurance policy. However, the fair market value of the benefit for insured dependents who are not your "tax dependents" is considered imputed taxable income to you if you receive any employer contribution towards the premium, including the use of sick leave credits. It is important for your employer to know whether your adult child is a "tax dependent" so that payroll taxes and annual

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taxable income can be calculated correctly. It is also important for you to notify your employer if your insured child's "tax dependent" status changes during the year.

I consider my dependent child to be a "tax dependent" under federal law:

Yes No

Section B: Disabled Status – Complete if your dependent child is 27 years or older

Complete this section only if your dependent child is 27 years or older. Otherwise skip to Section C.

5. My dependent child is disabled and *incapable of self-support* due to a physical or mental disability that is expected to be of long-continued or indefinite duration (of at least one year):

Yes *Diagnosis:* _____
Name of Attending Physician: _____

No, this does not apply to my dependent (*skip to Section D*)

6. My dependent child receives at least 50% of his/her financial support from me or the other parent as demonstrated by the support test for federal income tax purposes that is described in IRS Publication 501 (whether or not the dependent child is claimed on your federal tax return):

Yes No (*skip to Section D*)

If your dependent child is 27 years or older and you answered "Yes" to questions 5 and 6, your dependent remains eligible on your policy in 2010. NOTE that you must still respond to your health plan's request for medical information to review your dependent child's disability status.

Section C: Dependent Child is Eligible in 2010

Based on my responses, my adult child is eligible for coverage in 2010. (*Disregard Section D*)

I request health insurance coverage for my adult child in 2010.

To the best of my knowledge, all statements and answers above are complete and true. All information is furnished under penalty of Wis. Stats. § 943.395. I understand that fraud or material misrepresentation of the dependent's eligibility for coverage will result in termination of that coverage retroactive to the date eligibility was lost and I or the dependent will be responsible for the cost of service provided during the period when coverage should not have been in effect. **I understand that if my child is not my tax dependent, the fair market value of the coverage will be imputed as income to me if I receive any employer contribution towards the premium, including the use of sick leave credits.** I understand that if there is any change in my dependent's eligibility after this form is completed, I must notify my payroll/benefits office (if I am an employee) or the Department of Employee Trust Funds (if I am a retiree) as soon as the change occurs.

I do not request health insurance coverage for my adult child in 2010. **I understand that by not electing coverage for my eligible child, I may not later elect coverage unless there is a qualifying event or coverage will be limited to the Standard Plan with a 180-day waiting period for pre-existing conditions.** I also understand that because I am choosing not to continue health insurance coverage for my eligible adult child, it is a voluntary cancellation and my child is not eligible for COBRA continuation coverage.

X _____

Subscriber's Signature

_____ Date

(Keep a copy of your completed form for your records.)

Section D: Dependent Child is Not Eligible in 2010

Based on my responses, my dependent is not eligible in 2010. It is not necessary for you to return this form to your health plan. Promptly notify your payroll/benefits office (if you are an employee) or the Department of Employee Trust Funds (if you are a retiree) for information on COBRA continuation coverage for your dependent. You will also need to complete the *Group Health Insurance Application/Change Form* (ET-2301) to remove your dependent from your health insurance policy.