

**Department of Employee Trust Funds
Local Health Insurance Administration Manual**

CHAPTER 8 — Cancellation and Termination of Coverage

801 Ending Coverage

802 Changing From Active to Annuitant Coverage

803 Cancellation of Coverage

801 Ending Coverage

The coverage end date for the employee is entered by the employer in myETF Benefits. After logging into myETF Benefits, from the Health tab select the *Termination of Coverage* option.

Active coverage may be ended for an employee based upon an employee's request to complete a spouse-to-spouse transfer, death of the subscriber, disability approval (non-ICI), termination of employment or employee's request to cancel coverage. Refer to the chart below for specific limitations and requirements surrounding these termination scenarios.

The ending of an employee's coverage will be reported on the Monthly Employer Invoice. (Refer to Chapter 15 regarding instructions and information on the Monthly Employer Invoice.)

Reason	Coverage End Date	Comments
Cancel Coverage	Refer to subchapter 803	Employee is voluntarily ending coverage. Refer to subchapter 803 regarding Internal Revenue Code (IRC) Section 125 pre-tax and post-tax requirements. If employee does not pay required premiums while out on a leave of absence (LOA), this is a cancellation, voluntarily ending coverage.
Termination of Employment	End of the calendar month in which the employee terminates employment.	Employee's coverage is an involuntary loss of coverage. If employee is terminating employment because they are retiring (refer to Chapter 11), going on an unpaid LOA or on permanent layoff and are starting an immediate annuity.

Reason	Coverage End Date	Comments
Cancel Spouse-To-Spouse Employment	Refer to subchapter 803	Employee voluntarily ending coverage. Cannot complete a cancellation mid-year without an allowable status change under the plan language (contract) or HIPAA qualifying event if premiums are deducted pre-tax.
Disability Approval (Non-ICI)	Coverage is continued as an annuitant without lapse upon approval of a disability benefit.	This is an employer entry in myETF Benefits. No application to end coverage is required from employee. ETF will coordinate coverage between active employment and annuitant status so that no lapse or duplication of coverage occurs. Refer to subchapter 802.
Death of Subscriber with Single Coverage	End of the calendar month in which the death occurred.	Refund any premiums paid in advance for coverage beyond the end of the month in which death occurred.
Death of Subscriber with Family Coverage	Coverage under the employee's contract continues through the last day of the month for which the premium has already been deducted.	Do not refund any premiums unless authorized by ETF.

802 Changing from Active to Annuitant Coverage

Retiring insured employees are eligible to continue health coverage under any of the following conditions: (Refer to Chapter 10)

- Employee receives an immediate annuity upon retirement (monthly or lump sum benefit), WRS disability, or Long-Term Disability Insurance benefit.
- Employee terminates after age 55 (50 for protective category employees) with at least 20 years of creditable WRS service, but does not take an immediate retirement annuity.

When an employee retires, the employer must end their coverage in myETF Benefits. When a retiring employee qualifies for health insurance coverage and the employer continues to pay all or part of the monthly health insurance premium, for example, through conversion of unused sick leave or some similar employee benefit agreement, the retiring employee is considered an Employer-Paid Annuitant. (Refer to Chapter 11)

Employees on an unpaid leave of absence immediately prior to retirement whose coverage lapsed due to non-payment of premiums can reinstate coverage if an immediate WRS annuity is taken and a health insurance application is filed with ETF by the date of their first annuity payment.

In all cases, they must also complete the Verification of Health Insurance Coverage and Local Employer Paid Annuitant Transfer Report (ET-4814).

803 Cancellation of Coverage

When an employee wishes to cancel coverage for any of the voluntary reasons listed in subchapter 801, they cannot complete their request mid-year without an eligible status change that is allowed under the plan language (contract) or under HIPAA if the employee premium is being deducted on a pre-tax basis under Internal Revenue Code (IRC) Section 125.

If the employee premium is being deducted post-tax, coverage can be cancelled at any time throughout the calendar year. If an event has occurred that is not listed in the following table, contact ETF for review and guidance.

Event	Eligibility Requirements	Coverage End Dates	Comments
Move from Service Area	<i>Health Insurance Application</i> (ET-2301) or myETF Benefits request must be submitted within 30 days of the move from the service area date.	End of the month following receipt of the application/myETF Benefits request or the event date, whichever is later.	The coverage end date for a cancellation request is always the end of a month. Retroactive cancellations are not allowed.
Pre-Tax Employee Terminating Employment	<i>Health Insurance Application</i> or myETF Benefits request must be submitted no later than the month employment terminates. The event date is the date employee terminates employment.	End of the month following receipt of the application/myETF Benefits request or the event date, whichever is later.	The coverage end date for a cancellation request is always the end of a month. Retroactive cancellations are not allowed.

Event	Eligibility Requirements	Coverage End Dates	Comments
<p>Pre-Tax Employee Going on an Unpaid LOA</p>	<p><i>Health Insurance Application</i> or myETF Benefits request must be submitted no later than the month employee goes on a LOA.</p> <p>The event date is the date employee begins a LOA.</p> <p>An affirmative choice to cancel coverage by submitting an application invalidates the right to re-enroll at the end of the LOA.</p> <p>To retain re-enrollment rights the employee should allow coverage to lapse due to non-payment. At the time the employee ceases paying their contribution or the entire premium while on unpaid LOA, the employer must terminate their coverage in myETF Benefits. No application is required and none should be requested for a lapse.</p>	<p>End of the month following receipt of the application/myETF Benefits request or the event date, whichever is later.</p> <p>For lapses, coverage termination should be entered at the time payment is not received from the employee.</p> <p>Coverage ends the end of the month for which payment was received.</p>	<p>An employee who continued coverage during a LOA is eligible to receive the employer share of the monthly premium for the one coverage month premiums were pre-paid plus three additional months. Once the employee is paying the employer share of the premium or the entire premium post-tax, coverage can be canceled at the end of any month following receipt of an application/request.</p> <p>Coverage end date for a cancellation request is always the end of a month.</p> <p>Retroactive cancellations are not allowed.</p>

Event	Eligibility Requirements	Coverage End Dates	Comments
<p>Pre-Tax Family Status Change (e.g., spouse to spouse, DP to DP)</p>	<p>An allowed family status change under the plan language (contract) or under HIPAA must occur to allow cancellation to enroll under spouse/ DP's coverage as an employee.</p> <p><i>Health Insurance Application/Change Form</i> or myETF Benefits request must be submitted within 30 days of the IRC Section 125 status change, the event.</p>	<p>End of the month following receipt of an application/myETF Benefits request or the event date, whichever is later.</p>	<p>Refer to Chapter 5 for status changes allowed under the plan language (contract) and HIPAA.</p> <p>Documentation may be required.</p> <p>If an allowed family status change has not occurred, an employee can submit an application in October, November or December requesting coverage to be canceled effective December 31.</p> <p>Coverage end date for a cancellation request is always the end of a month.</p> <p>Retroactive cancellations are not allowed.</p>

Event	Eligibility Requirements	Coverage End Dates	Comments
<p>Pre-Tax Employee Premium Contribution Has Increased Significantly</p>	<p><i>Health Insurance Application</i> or myETF Benefits request must be submitted within 30 days of the date premiums significantly increased, the event date.</p>	<p>End of the month following receipt of an application/myETF Benefits request or the event date, whichever is later.</p>	<p>When the employer share of the premium contribution decreases by at least 5% and the employee share increases, this is considered a significant increase in the employee premium contribution. Coverage end date for a cancellation request is always the end of a month. Retroactive cancellations are not allowed.</p>
<p>Pre-Tax Employee (and all dependents, if applicable) Became Eligible for and Enrolled in Other Group Coverage</p>	<p><i>Health Insurance Application</i> or myETF Benefits request must be submitted within 30 days of the date the other coverage becomes effective.</p>	<p>End of the month following receipt of an application/myETF Benefits request or the event date, whichever is later.</p>	<p>Documentation is required: proof of enrollment in other group insurance that displays the date coverage began such as a copy of an insurance ID card or enrollment acknowledgment. Coverage end date for a cancellation request is always the end of a month. Retroactive cancellation are not allowed.</p>
<p>Pre-Tax Annual It's Your Choice Open Enrollment Period</p>	<p><i>Health Insurance Application</i> or myETF Benefits request must be submitted during the It's Your Choice Open Enrollment Period.</p>	<p>Coverage end date is December 31.</p>	<p>Based on plan language (contract), coverage can be cancelled at the end of a calendar year regardless if employee premiums are deducted pre-tax or post-tax.</p>

Event	Eligibility Requirements	Coverage End Dates	Comments
<p>Premiums Deducted Post Tax</p>	<p><i>Health Insurance Application</i> or myETF Benefits request must be submitted.</p>	<p>Coverage end date is the end of the month following the application received date or the myETF Benefits request date, whichever is later. If the application received date or the myETF Benefits request date is the last day of a month, coverage ends on the receipt/request date.</p>	<p>An application can be submitted requesting a future cancellation date other than the end of the month following receipt of the application. Coverage can be canceled mid-year. Coverage end date for a cancellation request is always the end of a month. Retroactive cancellations are not allowed.</p>