

**Wisconsin Public Employers
Income Continuation Insurance Administration Manual**

CHAPTER 10 — Reinstatement of Coverage Lost Due to Employer Error

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1000 Introduction

From time to time, an employee misses the open enrollment period for ICI coverage or later loses coverage due to an error made by the employer. Therefore, under certain circumstances, coverage may be reinstated without requiring the employee to provide evidence of insurability.

An ICI application shall be approved beyond the 30-day period after the employee becomes eligible without providing evidence of insurability if ***all*** of the following conditions are met:

- The employer furnishes sufficient information to ETF indicating the employer did not provide an application form, submit premium payments, or advise the employee of eligibility or perform other enrollment requirements.
- The employee files a new *Income Continuation Insurance Application* (ET-2366) that must be received by the employer within 30 days after the employer notifies the employee of improper enrollment.
- ETF finds that the employee was denied coverage as a result of employer error as specifically defined in Wis. Stats. § 40.61 (5).

If the application is approved, coverage will become effective the first day of the month on or after the date the employer receives the application from the employee. If the error cannot be corrected under the employer error provision, the employee may only obtain coverage by applying through Evidence of Insurability.

Insurance coverage will be considered canceled if an employee or the employer fails to make required premium payments during a consecutive 60-day period, commencing with the first day for which premiums have not been paid. Cancellation under this provision shall not preclude the employee from obtaining ICI coverage after the 60 days have elapsed if premiums were omitted as a result of employer error. A new application for coverage must be filed within 30 days after the employer issues written notice of error to the employee.

An eligible employee not properly enrolled due to employer error is considered insured if the employee began paying premiums within 60 days after becoming eligible, and has continued to pay premiums even though not properly enrolled. Following notice of improper enrollment from the employer, insurance shall continue in effect for 30 days. The employee must properly enroll by filing a new *Income Continuation Insurance Application* before the end of this 30-day period in order to continue coverage.

Coverage shall cease after 30 days unless proper enrollment has been completed. The employee is not required to furnish evidence of insurability to enroll if the application is returned timely to the employer.

1001 How to Correct an Employer Error

1. Immediately notify the employee of the error in writing and provide the employee with a new *Income Continuation Insurance Application* (ET-2366). Current dates should be used on the ICI application in the box at the employee signature line and in the box labeled 'Date Received from Employer.' The employee must return the application to the employer within 30 days of being informed of the error. Employees who are on leave of absence when an error is discovered may apply for coverage within 30 days of their return to work.
2. The employer must send the application to ETF marked with "Employer Error" and accompanied by a detailed letter explaining the error. The letter should answer the following questions:
 - What is the exact nature of the error?
 - What evidence exists to show that the employer, not the employee, was responsible for the error?
 - What was the cause of the error?
 - How and when was the error discovered?
 - What was done once the error was discovered?
 - What corrective action has the employer put in place to ensure that this type of error does not reoccur?
3. If premiums are not already being deducted, begin premium deductions immediately when an application is filed under the employer error provision. Although premiums may be deducted from an employee's salary, coverage is not guaranteed until ETF approves the application. The employer must refund any premium deductions made if coverage is ultimately not approved.
4. ETF will notify both the employer and the employee of ICI coverage approval or denial. If approved, coverage will be effective on the first of the month following the date the employer received the application. If the employee had begun paying premiums within 60 days after becoming eligible, coverage will be effective

retroactive to the first of the month for which the first premium payment was received.

6. If the error cannot be corrected under the employer error provision, the employee can apply for coverage by providing evidence of insurability.

1002 Errors Not Eligible for Correction

The employer error provision does not apply to errors primarily due to the employee's action or inaction. Examples of such situations include, but are not limited to:

- Employee is given application materials but forgets to submit completed application.
- Employee receives written notice of ICI coverage from the employer but fails to report coverage discrepancies to the employer.
- Employee completes form incorrectly and inadvertently cancels more coverage than intended. (A cancellation form can be withdrawn only before the effective date of the cancellation.)

If the error cannot be corrected under the employer error provision, the employee can apply for coverage by providing evidence of insurability.

1003 How To Avoid Employer Errors

The following chart illustrates some of the more common errors made by employers and provides tips on how to avoid these types of errors. Examples are not all-inclusive.

Types of Employer Errors:	How to Avoid These Types of Errors:
Failure to provide ICI information or an application to the employee within 30 days after the employee becomes eligible for coverage.	Employers should use the <i>New Employee Benefit Checklist</i> (ET-2572) or develop their own. The checklist will help verify eligibility and that all information and applications were given to the employee. The employee should sign the checklist verifying that they have received all applications/forms. Employers should retain a copy of the signed checklist for future confirmation that the employee received all the information listed on the checklist.
Excludes employees based on misinterpretation of eligibility. (Eligible employee includes full-time, part-time, limited-term, temporary, project, seasonal, non-represented, substitute teachers, library aides, etc., irrespective of bargaining unit agreements.)	Employers must offer Income Continuation Insurance coverage to all employees, provided the employee: <ul style="list-style-type: none"> • has been covered by the WRS for six (6) months; and • is younger than age 70 on the date coverage becomes effective. (Refer to subchapter 200).
Miscalculates the employee's eligibility date.	Complete a previous service check when a new employee is hired: <ul style="list-style-type: none"> • Access ETF's Online Network for Employer's Previous Service application (Refer to subchapter 206). • Call the Communication Line at 608-266-3285, option 2, or toll-free at 1-877-533-5020, option 2, and request a previous service check.
Unaware of WRS eligibility date, and reports WRS enrollment late.	Employers should continually monitor an employee's work hours when the employee is determined not to be initially eligible for WRS. Refer to Chapter 3 of the <i>WRS Administration Manual</i> (ET-1127).