

CLIENT ALERT

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REMINDER HEALTH CARE REFORM SEVERELY LIMITS YOUR ABILITY TO MAKE RETROACTIVE TERMINATIONS TO YOUR PLAN

Part of PPACA prohibits employers from making retroactive terminations, (*rescissions*) in most situations. This part of the act has been in force since each plan's first renewal on or after September 23, 2010. We released two Client Alerts regarding this, one on March 28, 2011 and another on January 27, 2012. These can be viewed in their entirety in the Client Alerts section on our website, www.chb-group.com.

We are writing again because AmeriHealth has announced formal termination policies and we expect the other carriers to follow.

For Fully Insured AmeriHealth Customers – Retroactive terminations may be made for up to 30 days, plus the current month, (maximum of 60 days).

For Self-Insured AmeriHealth Customers - Retroactive terminations may be made for up to 60 days, plus the current month, (maximum of 90 days).

KEEP IN MIND, just because the carrier allows you to make terminations within this timeframe you MAY NOT RETROACTIVELY TERMINATE SOMEONE IF...

- The participant was covered through plan error and
- The participant paid premium or contributed to the cost of the plan

In these cases, the participant may only be terminated on a *prospective* basis.

Please review our past Client Alerts to determine when you can make a retroactive termination.

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Steps you should take now:

1. Perform regular audits of your billing statement to make sure that only those eligible are enrolled
2. If you do not use our Enrollment Services, follow up with the carriers when you send them terminations to ensure that they have received them and have acted on them, even if you do this on-line.
3. If you are a multi-site company – make sure the managers at your various locations understand how critical it is to notify you when a person quits, is terminated or is out on a leave of absence that is not FMLA or a state leave.
4. Have procedures in place with regard to required documentation for determining eligible dependents.
5. Have written policies with regard to what constitutes fraud or material misrepresentation of fact when dealing with employees adding their dependents.

If you do use our Enrollment Services understand that neither CHB Group nor the carriers will police whether your retroactive termination is compliant under Health Care Reform. Any retroactive terminations will be considered already confirmed compliant by the party submitting the request.

DISCLAIMER - This information is provided as an informational service and is not considered insurance, legal or tax advice. If you would like more information, please do not hesitate to contact our office or your corporate accountant or attorney.