



**Affordable Care Act Provision:
60-90 Day Waiting Period
Frequently Asked Questions (FAQ)**

March 6, 2014

PROVISION BACKGROUND

Under the Affordable Care Act (ACA), group health plans cannot provide a waiting period that exceeds 90 days, meaning that coverage must be effective no later than the 90th day following the date of hire. This is required to take effect upon renewal on or after January 1, 2014. This applies to self-funded business.

California has also enacted a more limited waiting period requirement in AB1083. The California law limits the maximum waiting period to be no longer than the 60th day following the date of employment. This supersedes the ACA waiting period for fully insured business.

The AB 1083 requirement for a 60-day waiting period applies to fully insured business, but not to self-funded business. Self-funded business will still be required to comply with the federal 90-day waiting period.

The FAQ below will cover in more detail how Blue Shield will handle the 60-90 Day Waiting Period provision by market segment.

UNDERWRITTEN (FULLY INSURED) SMALL BUSINESS AND LARGE GROUPS

What is the maximum waiting period for underwritten (fully insured) Small Business and Large groups?

The employer waiting period for underwritten group coverage cannot exceed 60 days. Coverage must be effective on or before the 60th day (not the first of the month after 60 days have passed).

When does the new waiting period mandate go into effect for underwritten Small Business and Large groups?

The waiting period requirement applies to new groups as of January 1, 2014 and upon renewal during the 2014 calendar year for existing groups. For example, a group renewing in July of 2013 with a waiting period of 6 months would not have this in effect until the renewal in July of 2014.

What groups will be impacted upon renewal?

All Small Business and Large Groups will automatically default to the 30 day waiting period upon renewal in 2014.

Is eligibility for Blue Shield specialty benefits impacted by this provision?

Blue Shield specialty benefits will follow the medical as it relates to the waiting period.

What do Blue Shield contracts say about waiting periods?

Blue Shield contracts require that the employer comply with the waiting period.

UNDERWRITTEN SMALL BUSINESSES (<50 EMPLOYEES)

How will Blue Shield implement the waiting period rule for Small Business?

Small Business employers will have the following three waiting period options:

- "0 day" waiting period following the date of hire with a first of the following month effective date. To ensure coverage is effective on or before the 60th day, the employee will be enrolled the first of the month following completion of the "0" day waiting period.
- "30 day" waiting period following the date of hire with a first of the following month effective date. To ensure coverage is effective on or before the 60th day, the employee will be enrolled the first of the month following completion of the "30 day" waiting period. (Note, this is 30 days, **not** 1 month.)
- "60 day" waiting period following the date of hire with the employee effective date on the 60th day. When this waiting period results in a mid month effective date the group bill will reflect the partial month of coverage for the new employee.

How will the waiting period impact renewing accounts?

For renewing accounts, all Small Business groups will automatically default to the 30 day waiting period. They do not need to send in a request to update their waiting period unless they want to select another waiting period option.

If a group is already in compliance with the new waiting period requirements, do they need to change their waiting period upon renewal?

All Small Business groups will automatically default to the 30 day waiting period upon renewal in 2014. They do not need to send in a request to update their waiting period unless they want to select another waiting period option.

Are we pro-rating the employer's bill when the 60th day effective date results in a partial month of coverage?

Yes. When the 60th day effective date results in a partial month of coverage, that partial month of coverage will be reflected on the employer's next monthly bill.

Can an employer switch to a different waiting period option?

Yes. They may choose to change to one of the other two waiting period options upon renewal.

Can the waiting period be waived for the initial group enrollment?

Yes. The waiting period may be waived for all employees for the initial group enrollment.

Is Blue Shield going to accommodate mid-month enrollments?

Small Business accounts will have a **mid-month** effective date for groups that select the 60 day waiting period option. Coverage is effective on or before the 60th day and will not exceed the 60 day waiting period. Billing will be prorated based on the 60 day waiting period effective date. Effective dates will be based off of the date of hire.

How will Covered California's SHOP handle the new waiting period options?

The data received from SHOP does not include the new hire waiting period elected by the employer. Employers will have to call SHOP to determine their waiting period.

If a group renews in July 2013 and has a current waiting period of 6 months, will that 6 month waiting period be in force until renewal in 2014 or on January 1, 2014? What if an employee is already in a waiting period on the renewal date?

The 60/90-day waiting period limitation is effective for plan years beginning on or after January 1, 2014. The mandate also includes a special rule about employees hired prior to the renewal date and in a waiting period greater than 60/90 days. If the employee is subject to a waiting period that exceeds 60/90 days, and it is within 60/90 days of the plan's renewal date, it will no longer be valid. The employee must be given the opportunity to elect coverage no later than the plan renewal date in this circumstance. For this rule, 60 Days applies to fully insured.

Example:

- Fully insured group has a 2/1/14 renewal date, and currently has a 6 month waiting period. Effective 2/1/14, the group will switch to a compliant 60 day waiting period.
- Suzy is hired as a new employee on 11/1/13.
- Upon renewal, the previous 6 month waiting period is no longer valid.
- Suzy must be offered medical coverage upon the group's renewal on 2/1/14 since she will get credit for 3 months in the waiting period and the new waiting period is only 60 days.

UNDERWRITTEN LARGE GROUPS (51+ EMPLOYEES): CORE & PREMIER ACCOUNTS

How will Blue Shield implement the waiting period rule for underwritten (fully-insured) Large Groups?

Large employers with fully insured plans will be required to comply with the state law. They will have one of three options for the eligibility waiting period.

1. Coverage Effective on the first day of the month following 30 days of employment
2. Coverage effective on the 60th day of employment
3. Waiting periods shorter than 60 days (i.e. date of employment, first of the month following date of employment).

If a group is already in compliance with the new waiting period requirements, do they need to change their waiting period upon renewal?

All Large Groups will automatically default to the 30 day waiting period upon renewal in 2014. They do not need to send in a request to update their waiting period unless they want to select another waiting period option.

Under the new waiting period regulation is first of the following month allowed?

The employer will need to make coverage available and allow employees to enroll in coverage within the 60 day waiting period. Because Large Groups (51+) can enroll at any time during the month, coverage just needs to be effective on or before the 60th day (not the first of the month following 60 days).

Is Blue Shield going to accommodate mid-month enrollments for Large Groups on the 60th day?

Large Group (51+) employers may enroll employees at any time during the month provided it does not exceed the 60 day waiting period, and coverage is effective on or before the 60th day.

If a group renews in July 2013 and has a current waiting period of 6 months, will that 6 month waiting period be in force until renewal in 2014 or on January 1, 2014?

For a group renewing in July of 2013, their current waiting period of 6 months would be in effect until renewal in July of 2014.

What if an employee is already in a waiting period on the renewal date? The 60/90-day waiting period limitation is effective for plan years beginning on or after January 1, 2014. The mandate also includes a special rule about employees hired prior to the renewal date and in a waiting period greater than 60/90 days. If the employee is subject to a waiting period that exceeds 60/90 days, and it is within 60/90 days of the plan's renewal date, it will no longer be valid. The employee must be given the opportunity to elect coverage no later than the plan renewal date in this circumstance. For this rule, 60 Days applies to fully insured.

Example:

- Fully insured group has a 2/1/14 renewal date, and currently has a 6 month waiting period. Effective 2/1/14, the group will switch to a compliant 60 day waiting period.
- Suzy is hired as a new employee on 11/1/13.
- Upon renewal, the previous 6 month waiting period is no longer valid.
- Suzy must be offered medical coverage upon the group's renewal on 2/1/14 since she will get credit for 3 months in the waiting period and the new waiting period is only 60 days.

Are different waiting periods by employee class allowed under this provision?

The federal rules do not prohibit multiple waiting periods. We believe that they are also permitted under state law. It is the employer's obligation to comply with all requirements regarding providing discriminatory benefits.

WAITING PERIOD FAQs: SELF INSURED GROUPS

What is the maximum waiting period for self insured groups?

According to the ACA, the employer waiting period for self insured groups cannot exceed 90 days and coverage must be effective on or before the 90th day (not the first of the month after 90 days have passed). Self insured groups will need to determine their own waiting period guidelines within the federal 90 day window.

When does the new waiting period mandate go into effect?

This mandate goes into effect based on the Employee Retirement Income Security Act (ERISA) plan year anniversary date after January 1, 2014. This often is the Blue Shield renewal date, however there are exceptions where the BSC renewal date and the groups ERISA plan year may not match.

How will Blue Shield implement the waiting period rule for self insured groups?

The federal 90 day waiting period impacts self-funded business at the ERISA Plan Anniversary Date, however we will only change the waiting period for ASO groups upon request.

Employers with self-insured plans will be required to comply with the federal law. They will have one of three options for the eligibility waiting period.

1. Coverage effective on the first day of the month following 60 days of employment
2. Coverage effective on the 90th Day of employment
3. Waiting periods shorter than 90 days

Who is responsible for managing eligibility, the health insurance carrier or the employer?

ASO customers are responsible for managing their own eligibility and providing that information to BSC. BSC will not administer the waiting period for ASO customers, but will enroll/administer membership based on information provided from the ASO customer.

What if an employee is already in a waiting period on the renewal date? The 60/90-day waiting period limitation is effective for plan years beginning on or after January 1, 2014. The mandate also includes a special rule about employees hired prior to the renewal date and in a waiting period greater than 60/90 days. If the employee is subject to a waiting period that exceeds 60/90 days, and it is within 60/90 days of the plan's renewal date, it will no longer be valid. The employee must be given the opportunity to elect coverage no later than the plan renewal date in this circumstance. For this rule, 90 Days applies to self insured.

Example:

- Fully insured group has a 2/1/14 renewal date, and currently has a 6 month waiting period. Effective 2/1/14, the group will switch to a compliant 90 day waiting period.
- Suzy is hired as a new employee on 11/1/13.
- Upon renewal, the previous 6 month waiting period is no longer valid.
- Suzy must be offered medical coverage upon the group's renewal on 2/1/14 since she will get credit for 3 months in the waiting period and the new waiting period is 90 days.