

ELIGIBILITY AND SELECTING COVERAGE

SELECTING COVERAGE

A new hire must select health coverage during the Initial Enrollment Period. The “Initial Enrollment Period” begins on the date the Employee becomes eligible and ends after 30 days of hire.

A new Employee must enroll within 30 days of hire. If the Employee does not enroll, the Employee will automatically be covered under the \$1,250 Deductible Plan with no Coverage for a Spouse or Dependents.

If an Employee enrolls a Spouse or a Dependent after the Initial 30-Day Enrollment Period without a qualifying family status change or special enrollment event, the Spouse or Dependent will be considered a Late Entrant to the South Dakota State Employee Health Plan and must satisfy a waiting period before re-applying for coverage. Late entrants must enroll for coverage during Annual Enrollment. The effective date of coverage is July 1st.

Current Employees may elect or change coverage only during an Annual Enrollment Period through the electronic enrollment system, unless there has been a qualified change in family status. This means an Employee generally may not change the level of coverage, the plan election, or Spouse and Dependent coverage election during the Plan Year.

Choosing a Coverage Level

An Eligible Employee may elect individual coverage and also may choose from six categories of Spouse and Dependent coverage:

- (a) Employee plus spouse;
- (b) Employee plus child;
- (c) Employee plus 2 children;
- (d) Employee plus 3 or more children;
- (e) Employee plus spouse and 1 child; or
- (f) Employee plus spouse and 2 or more children.

The Employee must elect coverage in order to also enroll a Spouse and Dependents. If an Eligible Employee Opts-Out of coverage under the South Dakota State Employee Health Plan, he or she cannot elect healthcare coverage for any family member.

As a new hire or during Annual Enrollment, an Eligible Employee may choose to Opt-Out of the State Plan providing acceptable proof of group coverage elsewhere.

See “Late Entrants”, “Special Enrollment Period”, and “Family Status Changes” for more information on when you may elect coverage for you or your eligible Spouse and Dependents.

WHEN COVERAGE BECOMES EFFECTIVE

Following initial enrollment, you and your enrolled Spouse and Dependents' coverage becomes effective as follows:

Coverage is effective one month and one day from the date of hire.

In all cases, the actual coverage effective date will be contingent on receipt of all appropriate paperwork and required contributions.

Changes during annual enrollment are effective as follows:

In the event the Employee changes coverage during the Annual Enrollment Period, this change will be effective on the first day of the Plan Year if all the required paperwork is completed and approved. Approved changes are effective July 1st of each year.

OPTION NOT TO ELECT COVERAGE – (OPT-OUT)

Employees with current creditable group health coverage may request to Opt-Out of the South Dakota Employee Health Plan during their 30 Day New Hire Enrollment Period or the Annual Enrollment Period. Proof of current creditable group health coverage must be provided to the Benefits Program to have your New Hire Enrollment Opt-Out request processed and every fiscal year during Annual Enrollment. This documentation must be on file to show an employee is currently covered by another creditable group health plan, or the \$1,250 Deductible Plan will automatically be provided for employee only coverage.

Upon receipt of acceptable proof (i.e. a signed letter written on the official letterhead or a certificate of Creditable Coverage) that an Employee has Creditable Coverage through a spouse or another job, members who Opt-Out of the health plan will receive an Opt-Out credit of \$300. This credit is deposited into an Opt-Out account with DAKOTACARE. Members may receive reimbursement of claims by submitting a Claim Form. The Claim Form is located online at <http://benefits.sd.gov/Forms.aspx> and select Claim Form.

NOTES: Other “acceptable group Health Coverage” does not include: Medicare, Medicaid, Indian Health Services, or services provided through the VA Hospital.

Employees with an active Opt-Out status at time employment ends will not be eligible for COBRA health coverage or Retiree health coverage.

RE-ENROLLING IN THE PLAN

An Employee who Opts-Out of the South Dakota State Employee Health Plan can return to the Plan as a result of special enrollment or during any Annual Enrollment Period.

If the Employee and eligible Spouse and Dependents lose the other group Health Coverage during the Plan Year through no fault (involuntary loss of coverage), the Employee and eligible Spouse and Dependents may return to the South Dakota State Employee Health Plan under the \$1,250 Deductible Plan.

The Bureau of Human Resources must be notified within 60 days of losing the other coverage. To re-enroll, a certificate of Creditable Coverage from the other group health plan showing the effective and

ending dates of coverage under that Plan, as well as proof of loss of coverage must be provided. By law, employees must be allowed to return to the Plan if they lose group Health Coverage under another plan.

If the Employee does not notify BHR within this 60-day period, any Spouse and Dependents will not be eligible for coverage until Annual Enrollment with an effective date of July 1st.

DUAL COVERAGE UNDER THIS PLAN

No person may be covered under the Plan at the same time as an Employee, a Spouse or a Dependent or as a Dependent of more than one Employee. Either spouse can carry Dependent coverage.

If a Spouse and Dependent have a break in coverage, a special enrollment event or a qualified family status change such as marriage, birth, or adoption must occur to allow the Spouse and Dependent to re-enroll in the South Dakota State Employee Health Plan. If there is not a special enrollment or family status change event, the Spouse and Dependent is considered a Late Entrant and a waiting period applies. Late entrants must enroll for coverage during Annual Enrollment. The effective date of coverage is July 1st.

FAMILY STATUS CHANGES

If the effective date is same as the date of the qualifying event, coverage is effective on the payroll cycle nearest the 1st or the 15th of a month.

The only time a coverage change can be made during a Plan Year is within 60 days of a Special Enrollment Period or within 60 days of a qualifying event. Coverage changes include adding or dropping a Spouse and Dependent from coverage or re-electing coverage for the Employee and/or his or her eligible Spouse and Dependents upon approval from the Bureau of Human Resources. Employees are allowed to make a change only once during the 60 days of a Special Enrollment Period or within 60 days of a qualifying event.

Examples of qualified changes in family status include:

- (a) Marriage;
- (b) Divorce;
- (c) Death; and
- (d) Birth, adoption, or placement for adoption of a child.

The coverage effective date will be contingent on receipt of all appropriate paperwork and required contributions nearest the 1st or 15th of the month.

In certain circumstances, the issuance of a Medical Support Order is also considered an acceptable Family Status Change. See “Words and Phrases” for the definition of “Medical Support Order”. Changes can also be made to Health Plan coverage during the Plan Year if eligible Spouse and Dependents are covered by another company’s health plan and the Employee wants to remove them from, or add them to, the State Plan because they acquired or lost coverage during the spouse’s enrollment period. If the Bureau of Human Resources is notified later than 60 days, the Spouse and Dependent will be considered a Late Entrant. Late entrants must enroll for coverage during Annual Enrollment. The effective date of coverage is July 1st.

SPECIAL ENROLLMENT PERIODS

If the Employee declines enrollment for himself/herself, Spouse or Dependents because of other health insurance coverage, the Member, Spouse and Dependents will be able to enroll in this Plan if Family Status Change is received within 60 days, as a result of loss of coverage.

In addition, if an Employee has a new Spouse or Dependent as a result of marriage, birth, adoption, or placement for adoption, Employee may enroll the Spouse or dependents provided the Employee is covered under the Plan and Family Status Change is received within 60 days after the marriage, birth, adoption, or placement for adoption.

Involuntary losses of coverage are considered special enrollment situations if there is no more than a 63-day break in coverage, and include, but are not limited to, the following types of situations.

- The Employee is laid off;
- A company closes;
- An employer fails to pay timely contributions on behalf of the employee;
- Expiration of COBRA; or
- Enters a non-eligible status.

Some voluntary losses of coverage are portable and considered special enrollment situations. No waiting period applies:

- If there is no more than a 63-day break in coverage; and
- The applicant is able to provide proof of continuous creditable Health Coverage from the time of initial eligibility with the South Dakota State Employee Health Plan to date of application for coverage.

Examples include, but are not limited to, the following types of situations:

- Quits;
- Retires;
- Enters a non-eligible status; or
- Is terminated.

Some examples of voluntary loss of coverage in which a waiting period is applied include, but are not limited to:

- The Employee failing to pay contributions for coverage in a timely manner; or
- Increase in cost of coverage with another plan.

LATE ENTRANTS TO THE SOUTH DAKOTA STATE EMPLOYEE HEALTH PLAN

Employee and eligible Spouse and Dependents are generally considered Late Entrants to the South Dakota State Employee Health Plan if the:

- New Employee does not apply for coverage within 30 days of date of hire;
- Current Employee applying for coverage because of a qualified family status change, does not report the change within 60 days of the event, or
- Employee elects to “Opt-Out “of the South Dakota State Employee Health Plan coverage and then enroll or re-enroll eligible Spouse and dependents after voluntarily losing other group health plan coverage.

If the Employee does not enroll within this 60-day period, or voluntarily loses other health plan coverage, any eligible Spouse and dependents will be considered Late Entrants and may enroll during Annual Enrollment with an effective date of July 1st.

CONTRIBUTION RATES (COST OF COVERAGE)

Employees will receive information about the cost for Health Coverage during annual enrollment or before enrolling as a new hire. Information may be obtained by contacting the Plan Administrator.

If the Employee is a non-tobacco user, the State of South Dakota pays the full cost of Employee coverage.

If the member or spouse is a tobacco user, a tobacco user fee will be applied.

The Employee pays the cost of coverage for a Spouse and Dependents under the Health Plan. Spouse contribution rates are based on age of the spouse.

The Plan Administrator reserves the right to adjust contribution rates during the Plan Year.

Employees and eligible Spouse and Dependents who elect continuation of coverage pay the cost for COBRA/Retiree contribution rates. To view Active Contribution Rates, visit <http://benefits.sd.gov/Rates.aspx>. To view COBRA/Retiree Contribution Rates, visit <http://benefits.sd.gov/Ratesrc.aspx>.