



**Michigan Electrical Employees' Health Plan**  
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## **NEW WORKING SPOUSE RULE**

### **Effective January 1, 2012**

September 2011

#### **To All Eligible Active Employees and Retirees:**

The Trustees understand that many employers are offering financial incentives to spouses to opt out of their group health plan by charging a premium for coverage or offering a bonus for not taking it. This means that those employers are shifting their costs to the Michigan Electrical Employees' Health Plan (Plan) because it does not require the participant to pay for dependent coverage. This has the effect of increasing the Plan's costs.

**To reduce the cost-shifting onto this Plan, the Trustees have adopted a "Working Spouse Rule" requiring your spouse to enroll in her employer's group health plan in order to remain covered as secondary under the Michigan Electrical Employees' Health Plan. Spouses who fail to enroll in their employer's group health plan will lose coverage under the Michigan Electrical Employees' Health Plan. This rule is mandatory, not optional.**

#### **\*\*IMPORTANT IMMEDIATE ACTION NEEDED\*\***

**It is mandatory that all married participants complete, sign and return the enclosed Spouse Employment Data Form. The form must be completed even if your spouse is not employed, or if your spouse's employer does not provide a group health plan. Submit a completed form to the Plan Office by October 22, 2011.**

**Failure to complete and return this form in a timely manner will be considered non-compliance with the Working Spouse Rule, and your spouse's coverage will be terminated effective January 1, 2012.**

#### **THE BASIC WORKING SPOUSE RULE**

*Note: This Rule applies to all spouses, regardless of gender, even though this notice refers to spouses using feminine pronouns.*

If your spouse works full-time (30 or more hours per week) and is eligible for medical coverage through her employer, then your spouse is required to enroll in her employer's health plan. **If your spouse fails to enroll, she will not be considered an eligible dependent under this Plan** (except for coverage under the Special Fund), her coverage under this Plan will terminate, and no COBRA continuation coverage will be available to her from this Plan. This Rule applies on the earliest date occurring on or after January 1, 2012 that your spouse's employer's coverage would have taken effect if your spouse had enrolled (see "If Your Spouse's Plan Has an Annual Enrollment Period" on page 2 of this notice.)

#### **EXCEPTIONS**

The Working Spouse Rule will **NOT** apply if your spouse:

1. **Works fewer than 30 hours per week.** If your spouse's hours vary week to week, this exception will apply if her weekly hours averaged fewer than 30 over the past twelve months. If your spouse has been employed for less than twelve months, the Plan Office will average your spouse's work hours since the job began.
2. Has gross annual wages of **less than \$20,000.**
3. Has gross annual wages **greater than or equal to \$20,000 but less than \$30,000 and must pay more than \$150 per month** toward the cost of the least expensive health plan offered by her employer.

**You are responsible for demonstrating your spouse's entitlement to a salary exception (Nos. 2 and 3 above) by submitting a letter attesting to wages and cost of coverage from your spouse's employer on company letterhead. Failure to complete, sign and return this form in a timely manner will be considered non-compliance with the Working Spouse Rule, and your spouse's coverage will be terminated effective January 1, 2012.**

You are required to provide accurate and timely information to the Fund about your spouse's employment status and benefit entitlement, and the Plan Office may verify this information, or require you to provide verification, from your spouse's employer.

## **IF YOUR SPOUSE IS NOT CURRENTLY ENROLLED IN HER EMPLOYER'S PLAN**

- **If Your Spouse's Plan Has an Annual Enrollment Period**

- ~ ***If Next Annual Enrollment Period is During the Last Quarter of 2011*** - If your spouse's plan has an annual enrollment period during October, November or December (generally, for coverage beginning the next calendar year), then your spouse must enroll in that plan in order to maintain coverage under the Michigan Electrical Employees' Health Plan as of January 1, 2012. For example, if your spouse's open enrollment period is in November for coverage beginning January 1, her MEEHP coverage will terminate December 31 if she does not enroll in her plan.
  - ~ ***Other Annual Enrollment Periods*** - If your spouse has already declined to enroll in her employer-sponsored health plan, and the plan's annual enrollment period is *not* during the last quarter of the year, then the Working Spouse Rule will NOT apply to your spouse UNTIL her next enrollment opportunity in 2012. For example, if your spouse's open enrollment period is March 15 through April 14 for coverage beginning June 1, her MEEHP coverage will terminate May 31 if she does not enroll in her plan.
  - ~ ***Employees Who Become Eligible After January 1, 2012*** - This Plan will cover a newly eligible employee's working spouse until his spouse's next enrollment opportunity.
- **If Your Spouse's Plan Allows Enrollment at Any Time** - Some plans have automatic and special enrollment rules that allow employees to opt in at any time, although coverage will usually begin on the first day of the following month. If your spouse is eligible for a plan like that from her employer, she should enroll in that coverage as soon as possible so that it starts by January 1, 2012. Failure to do so will result in termination of your spouse's coverage under the Michigan Electrical Employees' Health Plan.

## **IF YOUR SPOUSE'S COVERAGE AVAILABILITY TERMINATES**

If your spouse does not enroll in available employer-provided health coverage and her coverage under this Plan terminates because of the Working Spouse Rule, she can reinstate her coverage under this Plan if her employer's plan later becomes unavailable, for example, because your spouse changes jobs. You should submit a new Spouse Employment Data Form no later than 30 days after your spouse's other coverage becomes unavailable in order to reinstate her coverage under this Plan. The same reinstatement procedure applies to a spouse whose employment situation changes so that one of the exceptions to the Working Spouse Rule now applies.

If your spouse fails to re-enroll in this Plan within this 30-day period, her MEEHP coverage will NOT be retroactive to the date her employment situation changed. Instead, her MEEHP effective date will be the first day of the month following receipt of the updated Spouse Employment Data Form.

## WORKING SPOUSES OF RETIREES

The Working Spouse Rule applies to spouses of retirees when the working spouse is under age 65 (even if the retiree is over age 65). If the spouse does not enroll in her employer's plan, her coverage will be terminated.

Another Plan rule allows a working spouse of a retiree to opt out of this Plan's E&D retiree coverage in order to be covered by her own plan, and then re-enroll once she reaches age 65. Because of the Working Spouse Rule, effective January 1, 2012 the Plan will also allow a spouse who opted out of coverage to re-enroll in the E&D plan if and when she is no longer eligible for the other coverage, as long as she requests re-enrollment no later than 30 days after the other coverage terminates. (Note: If this spouse opts out, the self-pay amount for a retiree under 65 stays the same, but a retiree 65 or older will pay the single rate for the Supplement to Medicare of \$200. If the spouse of a retiree over 65 chooses, and is allowed by their employer's plan to have MEEHP as a secondary plan, the retiree over 65 would pay \$200 for the Supplement to Medicare and the spouse would pay a reduced rate of \$145.)

### ADDITIONAL PROVISIONS AND EXCEPTIONS

1. The Working Spouse Rule only applies to your spouse's claims, not to claims incurred by you or your children.
2. The Working Spouse Rule does not apply to Special Fund claims.
3. The Working Spouse Rule *applies to your spouse even if* any of the following apply:
  - The employer's plan does not have a single-only coverage option.
  - Medical coverage is an option under a cafeteria plan.
  - The employer's plan is an HMO-only plan (unless you reside more than 30 miles outside the HMO service area).
  - You are a retiree, but your spouse is under age 65.
  - You are an active employee and your spouse is working, even if age 65 or older. (The Working Spouse Rule applies to ALL active employees)
  - The employer offers an incentive to encourage its employees not to enroll.
4. In addition to the Exceptions on pages 1 and 2, the Working Spouse Rule *will also NOT apply* in any of the following situations:
  - You are a retiree and your spouse is age 65 and covered under the Plan's Supplement to Medicare Plan.
  - You are covered under the Plan's COBRA coverage.
  - Your spouse's only option for available employer-provided group health plan coverage is:
    - ~ Retiree coverage,
    - ~ COBRA coverage,
    - ~ A high deductible HSA program, or
    - ~ An HMO and your residence is more than 30 miles outside the HMO service area.
  - Your spouse's employer does not provide medical or prescription drug coverage (for example, if the employer provides only a dental plan, only a health reimbursement arrangement or only a health flexible spending account).

**REMEMBER:** If your spouse is covered under her employer's plan, then your spouse must receive her medical care in accordance with that plan's rules. This Plan will not cover the amount of the other plan's noncompliance penalties, or any charges incurred because of failure to follow the other plan's rules, including failure to use HMO providers or follow the HMO's referral procedures. (This is not a new rule, and it also applies to claims for your children when your spouse's plan is primary. See page 61 of your Summary Plan Description booklet.)

## DUAL COVERAGE SAVES YOU AND THE PLAN MONEY

When your spouse is covered by her employer’s plan and this Plan at the same time, the two plans together will usually pay 100% of her covered claims under the coordination of benefits rules. If your spouse requires a hospitalization or surgery, you will generally come out ahead financially from the dual coverage, even after your spouse’s premiums are taken into account.

*For example*, Bob is covered under MEEHP and his spouse Kathy undergoes knee surgery. The cost of the facility, surgeon and anesthesiologist after PPO discounts totals \$9,050.

If Kathy’s only health plan is MEEHP, she and Bob will pay:

Deductible	\$ 500
20% of amount over deductible	<u>1,710</u>
<b>Bob and Kathy owe</b>	<b>\$2,210</b>
<b>MEEHP pays</b>	<b>\$6,840</b>

If Kathy also has coverage through her employer, and if Kathy’s plan uses the same PPO network (Blue Card), and pays 80% after a \$500 deductible:

Kathy’s Plan		MEEHP	
Total charged	\$9,050	Total charged	\$9,050
Kathy’s plan pays	\$6,840	Minus Kathy’s plan payment	<u>-6,840</u>
		<b>MEEHP pays</b>	<b>\$2,210</b>

### SPOUSE EMPLOYMENT DATA FORM

**ALL MARRIED PARTICIPANTS must complete and return a Spouse Employment Data Form at this time. The due date for completed forms is October 22, 2011.**

**Failure to complete, sign and return this form in a timely manner will be considered non-compliance with the Working Spouse Rule, and your spouse’s coverage will be terminated effective January 1, 2012.**

#### Notice Regarding Grandfathered Status

The Trustees of the Michigan Electrical Employees’ Health Plan believe that the Plan is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the “Affordable Care Act”). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your Plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement to cover preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to the Michigan Electrical Employees’ Health Plan at 6011 W. St. Joseph, Suite 401, Lansing, MI 48917, telephone 1-517-323-9250. You may also contact the Employee Benefits Security Administration, U.S. Department of Labor, at 1-866-444-3272 or [www.dol.gov/ebsa/healthreform](http://www.dol.gov/ebsa/healthreform). This website has a table summarizing which protections do and do not apply to grandfathered health plans.

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This Notice is a summary of material modifications which contains only highlights of recent Plan changes. If there is a discrepancy between this Notice and the Plan document, the terms of the Plan document will govern. Please contact the Plan Office if you have questions.