



# San Bernardino County OPT-OUT/WAIVER FOR MEDICAL AND/OR DENTAL COVERAGE

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Employees eligible for medical and/or dental plan coverage who are also enrolled in a comparable group medical and/or dental plan sponsored by another employer, or are covered by a spouse, domestic partner, or parent who is also employed with the County may elect to discontinue their County-sponsored medical and/or dental plan coverage by opting out or waiving their coverage.

## REFERENCES

Current County Memoranda of Understanding (MOU); Exempt Compensation Plan; Employee Benefits Guide; Opt-Out Administrative Guidelines

## FORMS REQUIRED

Opt-Out/Waiver Election Agreement For Medical and/or Dental Coverage 

## MANDATORY FIELDS

Employee ID; Rcd No.; Last Name, First Name; Company; Department; Telephone

## OPT-OUT

### ELIGIBILITY

Employees who are eligible for the Benefit Plan and who are also enrolled in another employer's comparable group medical and/or dental plan may elect to opt-out of a County-sponsored medical and/or dental plan.

Contract Employees - Eligibility for this benefit is based on the specific language in the employment contract.

### EMPLOYER GROUP PLAN

An employer group plan is defined as either a medical and/or dental plan sponsored by an employer or by an employer-sponsored retirement program.

### COMPARABLE COVERAGE

For the medical plan, comparable coverage is defined as at least 70% coverage with an annual deductible of no greater than \$3,000 per person. Medical plans must also include outpatient prescription benefits.

For the dental plan, comparable coverage is defined as at least 70% coverage with an annual deductible of no greater than \$200 per person. The dental plan must also include basic dental services, endodontic and oral surgery benefits.

### OPT-OUT ELECTION CRITERIA

An employee may only opt-out during annual Open Enrollment, or mid-year, following a change in Status Event. A Change in Status Event is an event that causes either gain or loss of other employer's comparable group medical and/or dental coverage.

### **Mid-Year Changes – Gain of Other Employer's Group Medical and/or Dental Plan**

*Notification* – Employees who gain comparable medical and/or dental plan coverage through another employer may elect to opt-out. The employee is responsible for notifying Employee Benefits and Services Division (EBSD)-Human Resources (HR) of the gain of medical and/or dental plan coverage within 60 calendar days of the effective date of the coverage.

**Notification will consist of submitting the following:**

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- Opt-Out/Waiver Election Agreement
  - Premium Deduction Election form
  - Verification of the loss of coverage

*Failure to notify EBSD-HR within 60 calendar days will result in denial of the request.*

**Note:** The date of submission shall be the date that EBSD-HR actually receives the Opt-Out/Waiver Election Agreement and Premium Deduction Election forms

*Effective Date of Termination of County-sponsored Medical and/or Dental Plan Coverage* – Once EBSD-HR receives the Opt-Out/Waiver Election Agreement form, they will verify the medical and/or dental plan coverage and stop premium collection in the next pay period or at the end of the pay period in which the other coverage begins (there can be no break in coverage). Since County-sponsored medical and/or dental plan coverage is paid for in advance, coverage will continue for one (1) pay period after premiums have stopped. This means that the employee will probably have dual coverage for a short period of time.

### **Mid-Year Changes – Loss of Other Employer’s Group Medical and/or Dental Plan**

*Notification* – Participation in a medical and/or dental plan, whether the County’s or another employer’s comparable group medical and/or dental plan, is a mandatory condition of employment. It is the employee’s responsibility to notify the County of their loss of medical and/or dental coverage within 60 calendar days.

Notification will consist of:

- A Medical Plan Enrollment/Change form, if applicable
- A Dental Plan Enrollment/Change form, if applicable
- A Premium Deduction Election form
- Proof of involuntary loss of coverage

*Effective Date of Coverage* – The County will determine the effective date of coverage based on the date of the Change in Status Event, consistent with Section 125 Premium Conversion Plan, medical and/or dental plan contracts and County standard administrative practices. The effective date will normally be no later than the first pay period after the Premium Deduction Election form is properly completed and timely returned to EBSD-HR. In the event of late paperwork submission, the County will attempt to retroactively enroll the employee in a County plan on the termination date of the other employer’s group coverage so there is no break in coverage. However, an employee’s delay in notification may result in the County’s inability to offer coverage without a break in service and the employee will be personally liable for any claims caused by a lack of coverage.

*Premiums for Coverage* - Employees are encouraged to notify the County as soon as possible, but no later than 60 calendar days after the loss of coverage. Premiums for coverage are collected in advance of coverage. Delay in reporting the event and the County processing time to implement an employee’s election will result in premiums not being collected in advance of coverage. Employees will be sent a Family Status Change Approval and premiums due letter for any premiums required to implement coverage without a break in service. Payment of premiums may be made through payroll deduction.

*Before Tax and After Tax Premium Payment* – Employees who notify the County of loss of coverage within 60 calendar days may request, through the Benefit Plan, to pay premiums with before tax dollars. This request will be granted if it is consistent with and on account of an Internal Revenue Code Section 125 Change in Status Event (see below). Employees who notify the County of loss of coverage after 60 calendar days will be required to pay premiums with after tax dollars. (A Premium Deduction Election form to request before tax collection of premiums may be submitted during any subsequent annual Open Enrollment period to change the premium deduction from after tax to before tax.)

***Internal Revenue Code Section 125 Change in Status Event*** – The request to re-enroll in a County medical and/or dental plan must be on account of and consistent with the employee’s involuntary loss of coverage due to one of the following:

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- Marriage/registration of domestic partnership
  - Divorce (legal separation or final decree)/dissolution of domestic partnership
  - Death of spouse/domestic partner
  - Birth, adoption or legal guardianship of a child
  - Employee, spouse/domestic partner begin or return from an unpaid leave of absence
  - A significant change in medical and/or dental coverage of employee or spouse/domestic partner attributable to the spouse's/domestic partner's employment
  - Employee relocates outside of the medical and/or dental plans service area
  - Employee's dependent becomes entitled to Medicare

### **PROOF OF COVERAGE**

Open Enrollment – Employees who are newly electing to Opt-Out must certify online using eBenefits and send verification of other employer-sponsored coverage to EBSD-HR.

Mid-Year Change – Employees opting-out mid-year due to newly acquired group insurance must submit proof of coverage, which will be verified.

Acceptable proof of coverage includes:

- Medical and/or dental plan card – Employee name must be on the card
- Certificate of Coverage – A letter or certificate of coverage from the employer or medical and/or dental plan stating that the employee is covered and the effective date of coverage
- Additional documentation may be requested to determine eligibility

**Note:** Failure to submit proof of coverage will result in enrollment in a County-sponsored employee only lowest cost option medical and/or lowest cost dental plan

### **AFTER ELECTION OF OPT-OUT**

Electing to opt-out will result in **all** of the following:

- Employee will continue to receive the Benefit Plan contribution in taxable cash. Election of this benefit may decrease or change the County's contribution.
- County-sponsored medical and/or dental plan coverage, including coverage for enrolled dependents, will be terminated effective the pay period after the last premium is collected  
**Note:** Termination of a County medical plan also terminates prescription benefits
- Participation in the County's Benefit Plan premium conversion option, which provides employees the ability to pay medical and/or dental premiums on a before tax basis, will be discontinued
- Premium deduction for the medical and/or dental plan will be discontinued in the pay period after the Opt-Out Election Agreement has been approved
- The employee will not be allowed to re-enroll in a County-sponsored medical and/or dental plan until the next annual Open Enrollment period unless there is a Change in Status Event that qualifies under Internal Revenue Code Section 125 (examples are listed above), standard County administrative policies, state or federal law. The Change in Status Event must result in an *involuntary* loss of the other group medical and/or dental coverage.

### **FREQUENTLY ASKED QUESTIONS**

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**I have obtained medical and/or dental insurance through my spouse's employer, but will not receive membership cards within the 60-day election period. Can I still Opt-Out?** Yes. EBSD-HR will contact your spouse's/domestic partner's medical and/or dental plan to verify coverage.

**If I purchase an individual plan, can I Opt-Out?** No. The MOU permits opt-out only for employer-sponsored group medical and/or dental plans.

**If my spouse/domestic partner gains coverage before the next Open Enrollment period, am I eligible for Opt-Out?** Yes. You are eligible for a mid-year change. You must submit the Opt-Out/Waiver Election Agreement and Premium Deduction Election and proof of coverage within 60 calendar days of the effective date of coverage.

**My spouse's coverage begins at the first of a month. When will my County coverage end?** You may not have a break in coverage. Your last day of coverage will be the last day of the pay period following the pay period in which your premiums were not collected. Because County insurance is based on a bi-weekly pay period, overlap in coverage will be inevitable.

**I have Medi-Cal or a Medi-Cal integrated plan, can I Opt-Out?** No. These programs are not employer-sponsored group medical plans.

**Does CHAMPUS qualify as an employer-sponsored plan?** Yes. The coverage qualifies if it meets the definition of a comparable plan as outlined in this document.

**Can I only remove dependents by electing to Opt-Out?** No. The purpose of opt-out is to allow employees to discontinue their County medical and/or dental plan because of other comparable employer-sponsored group medical and/or dental plan coverage. If you are eligible and elect this benefit, you and all of your currently enrolled dependents will be terminated from coverage. The Internal Revenue Code Section 125 and medical and/or dental plan contracts govern all other mid-year changes in dependent coverage. For example, if you pay for your medical and/or dental insurance with before tax dollars, you must have a Change in Status Event and you must notify EBSD-HR within 60 calendar days of the qualifying event. If the deletion of your dependent does not result in a premium change, then you may drop the dependent at any time.

**Can I Opt-Out if my eligible dependent or I have Medicare?** Yes. When you obtain Medicare for the first time, you or your Medicare-eligible dependent may elect to have Medicare as your primary insurance and discontinue coverage from a County plan. County employees are notified by mail of this right near their 65<sup>th</sup> birthday. You must notify EBSD-HR within 60 calendar days of the qualifying event.

**If I Opt-Out and then retire with the San Bernardino County Employees' Retirement Association (SBCERA), can I enroll in a County-sponsored retiree medical and/or dental plan?** Yes. You may enroll within 60 days of losing your other medical and/or dental coverage or during the next annual Retiree Open Enrollment period.

**Does a medical and/or dental plan sponsored by a labor association or union qualify?** To qualify for opt-out, an employer must sponsor the comparable medical and/or dental plan. For example, a San Bernardino County's labor association provides access to a group plan. However, San Bernardino County does **not** sponsor this plan. Therefore, this labor association medical plan will **not** qualify as a comparable employer-sponsored group medical plan. There are, however, some employers who contract with a labor association to provide benefits through a multi-employer, Taft-Hartley Trust. Plan coverage through one of these arrangements may qualify for opt-out. To assist the County in assessing the eligibility of coverage, employees may be asked to provide additional documentation.

**Who do I call if I have further questions?** Contact EBSD-HR at (909) 387-5787.

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## **EMPLOYEE RESPONSIBILITIES**


- ◆ Obtain and complete the Opt-Out/Waiver Election Agreement
- ◆ If for a mid-year change – obtain and complete the Premium Deduction Election form
- ◆ Provide verification of other medical/dental coverage
- ◆ Retain copies
- ◆ Submit to department payroll specialist

## **PAYROLL SPECIALIST RESPONSIBILITIES**

- ◆ Provide employee with the Opt-Out/Waiver Election Agreement
- ◆ If for a mid-year change – provide the Premium Deduction Election form
- ◆ Audit for completeness
- ◆ Complete JAR packet, if applicable
- ◆ Retain copies for department file
- ◆ Forward originals to EBSD-HR (0440)


## **RELATED FORMS/PROCEDURES**

Premium Deduction Election

Checklist for Contract to Regular 

Checklist for Extra-Help/Recurrent/PSE to Contract 


Checklist for Extra-Help/Recurrent/PSE to Regular 


Checklist for Job Share 


Checklist for New Hire-Contract 

Checklist for New Hire-Exempt 

Checklist for New Hire-Regular/Part-time/Reemployment (Rehire) 

Checklist for Regular to Contract 

Checklist for Return from Leave (After employee returns to work) 

Checklist for Return from Leave (Without Right) 

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## WAIVER TO ANOTHER COUNTY EMPLOYEE

Waivers may be initiated at the time of hire, within 60 days of marriage/registered domestic partnership or at Open Enrollment. Waivers may be cancelled within 60 days of a qualifying event or at Open Enrollment. If employee terminates or if the covering employee drops their spousal/domestic partner coverage of another County employee, that employee **must** enroll in a County-sponsored medical and/or dental plan immediately.

### EMPLOYEE RESPONSIBILITIES


- ◆ Obtain and complete the Opt-Out/Waiver Election Agreement
- ◆ If for a mid-year change – obtain and complete the Premium Deduction Election form
- ◆ Retain copies
- ◆ Submit to department payroll specialist


### PAYROLL SPECIALIST RESPONSIBILITIES


- ◆ Provide employee with the Opt-Out/Waiver Election Agreement
- ◆ If for a mid-year change – provide the Premium Deduction Election form
- ◆ Audit for completeness
- ◆ If employee waives coverage, forward a copy of the Agreement to the covering employee's department payroll specialist
- ◆ If covering employee terminates, provides notice of a divorce/dissolution of domestic partnership or drops dependent coverage, notify the waived employee's department payroll specialist and ensure the waived employee enrolls in a medical and/or dental plan
- ◆ Complete JAR packet, if applicable
- ◆ Retain copies for department file
- ◆ Forward originals to EBSD-HR - 0440


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## OTHER WAIVERS

Employees in Medicare, elected officials and other eligible employees may also waive their medical and/or dental coverage (contact EBSD-HR for eligibility). These types of waivers may be initiated at time of hire or at Open Enrollment.

### EMPLOYEE RESPONSIBILITIES

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- ◆ Retain copies
- ◆ Submit to department payroll specialist

### PAYROLL SPECIALIST RESPONSIBILITIES


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