

Excluding Coverage for Spouses

Background: At its May 25, 2016 meeting, the Insurance Committees approved allowing local education and local government agencies to opt out of offering health insurance coverage to the spouses of employees if the spouse is employed and eligible for group health insurance through their own employer. Opting out of spousal coverage is not mandatory, but individual local agencies may choose to adopt this practice subject to the agency's normal approval process and upon giving notice to Benefits Administration 30 days prior to the beginning of the plan's annual enrollment period.

Questions and Answers

Can other dependents (children) stay on the State Group Health Insurance Plan?

Yes. The policy change does not affect dependent children.

Must agencies apply the rule to everyone and not just a group of employees, for example support staff vs. teachers?

Yes. This rule does not change eligibility for employees. Agencies should continue to follow the plan document "Employee" definition when determining eligibility for health insurance.

Does a spouse have to prove that he or she does not have other coverage? If so, how?

That determination is up to the agency, should the agency decide to deny health insurance coverage for spouses.

Would Benefits Administration or the LEA be responsible for responding to challenges to denial of dependent eligibility?

Eligibility for spouses and appeals for denials of eligibility shall be determined by the agency. It is expected that most issues involving spousal eligibility will be resolved at the agency level. Following that, Benefits Administration may conduct a review and respond to specific written requests from employees alleging that an agency has failed to abide by that agency's adopted policy with regard to coverage for spouses. Benefits Administration will not conduct a review in the case of a complaint limited to dissatisfaction with an agency's adopted policy.

Will Benefits Administration require the agency to submit a written statement that they are electing to implement this practice?

Yes. Any agency opting to exclude coverage for spouses must submit a declaration document on agency letterhead to the attention of the Education and Outreach Administrator at Benefits Administration 30 days prior to the beginning of the plan's annual enrollment period. Here is the contact information:

Mail: Education and Outreach Administrator
DEPARTMENT OF FINANCE AND ADMINISTRATION - BENEFITS ADMINISTRATION
312 Rosa L. Parks Avenue
Suite 1900 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243

FAX: 615-741-8196

Email: benefits.info@tn.gov, to the attention of: Education and Outreach Administrator

Declarations should include a brief statement indicating the agency's intent to deny eligibility to spouses of employees who are eligible for group health insurance through the spouses' employers. If the agency intends to distinguish between spouses of existing employees and spouses of new hires, the agency declaration will need to include statements to that effect. More details can be found on the ABC web page at <https://www.tn.gov/partnersforhealth/agency-benefits-coordinators.html>.

Can agencies cover existing spouses?

Yes. An agency opting to deny spousal coverage may decide to continue offering coverage to existing spouses. If that is the agency's decision, the agency needs to clearly state their intent in the declaration document to be submitted to Benefits Administration. Spouses to be excluded from the coverage denial will have to be covered already as the spouse of an existing employee prior to January 1 of the Plan Year in which the agency's coverage change is effective. Assuming that the spouses continue to meet other eligibility provisions, this means that spouses who have been covered for years and spouses of new hires whose coverage is effective prior to the effective date of the January 1 change date can continue to be covered. Spouses who are not already covered as of the January 1 change date and who are eligible for coverage through their own employers will be subject to the agency's decision to deny spousal coverage.

Can agencies choose to reverse their decision to implement this practice and if so, allow the spouses to come back on without a special qualifying event (SQE)?

Yes, agencies can choose to reverse their decision on an annual basis to coincide with the beginning of the January 1 benefits start date. Declaration documents must be submitted to the Education and Outreach Administrator at Benefits Administration 30 days prior to the beginning of the Plan's annual enrollment period. For agencies excluding coverage for spouses, employees will still have two opportunities to enroll their spouses:

- Through the annual enrollment process IF an agency elects to start offering coverage to spouses once again.
- Through SQE even if the agency continues to exclude spouses but only if the spouse experiences an event resulting in their losing eligibility for coverage through their employer. Application must be made within 60 days of the loss of eligibility under the spouse's employer plan.

What if the spouse's employer coverage is not affordable?

The spouse has to be offered "similar" group coverage which means affordable/comprehensive according to PPACA standards. Note: It is possible that other coverage may cost more than the state plans and still be considered similar or affordable by federal standards.

Can an agency continue to offer spouse coverage but tell employees that they must pay the full cost for adding spouse coverage?

- **For Local Education Agencies:** No. State statute requires that the agency pay "a minimum of forty-five percent (45%) of the monthly premium for the coverage elected by the instructional employee...And a minimum of ten percent (10%) of the monthly premium for the coverage elected by the support staff employee." So, to the extent that the agency offers the spouse coverage tiers, they must pay at least 45% of that premium for instructional staff and 10% for support staff.
- **For Local Government Agencies:** Yes, unless prohibited by the local agency's agreement. There is nothing in state law that would prohibit that practice.