

Benefits Billing

Coverage Lapse for Non-Payment, Payment Grace Periods and Reinstatement of Coverage Provisions for Active Employees

A. Administration of Benefits Billing

1. Each UW System Institution is responsible for enrolling employees into benefits billing as outlined in Entering Benefits Billing Enrollments in HR ([KB 15270](#)). Employees typically include those who:
 - Are on unpaid leave of absence, premiums were not taken in advance of the leave, and the employee does not want coverage to lapse.
 - Review the Leave of Absence webpage: <https://www.wisconsin.edu/ohrwd/benefits/life-events/empcha/loa/>
 - Have insufficient pay for benefit deduction to be taken or otherwise do not have benefit premiums deducted from payroll.
 - Have been laid off and are using sick leave credits to pay health insurance premiums.
 - Are on a short work break and summer prepay deductions need to be collected.
 - Review: [UW System Administrative Policy 1244 \(formerly GEN 30\) Summer Prepay Deductions and Summer Session Benefits Eligibility](#).
2. Benefit billing enrollment should be activated **on or prior to the date of leave** to avoid potential delinquency and arrears.
3. Inactivation of billing should be completed **on or before the first day the employee returns to work from a LOA or a short work break** to avoid duplicate charges and refunds.
4. UW-Shared Services, Service Operations is responsible for monitoring payments, cancelling/lapsing coverage in HRS, and notifying the institution and vendor of coverage lapse due to non-payment of premiums. The institution should inform the employee of delinquent payment and the lapse of coverage.

B. Timeline for Benefits Billing

1. **Initial Benefits Billing Invoice** – UW-Shared Services, Service Operations mails benefits billing invoices on a monthly basis, approximately the 20th of each month.
 - The invoice will include current charges and delinquent charges (if applicable due to late enrollment).
 - i. Example – Charges for August coverage will be generated and billed around June 20th. With coverage month being paid one month in advance, August coverage will have a benefit billing charge period of 2107, representing the July 2021 deduction month.
2. **Payment Due Date** – All payments are due on the 10th of the month prior to the coverage month. See the chart below for exceptions if the premium is not deducted in error or the bill is not sent timely.
3. **Delinquencies** – If payment is not received by the 14th of the month, it is considered delinquent.
 - UW-Shared Services, Service Operations will inform the institution of employees who are delinquent and will have coverage lapse due to non-payment.
 - The institution is responsible for notifying employees, in writing, of the delinquency and potential coverage lapse due to non-payment.
4. **Termination of Coverage** – If payment is not received by the last business day of the month prior to the coverage month, coverage will lapse due to non-payment by UW-Shared Services, Service Operations. (Example – if payment for August coverage is not received by July 31st, coverage will lapse effective August 1st.)
 - UW-Shared Services, Service Operations will terminate all coverages in HRS, inactivate employees in benefits billing, report coverage termination to all plan vendors and provide the institution with a list of employees who did not submit payment for coverage.
 - The institution must notify the employee of the coverage termination due to non-payment, in writing, per the contract provisions as outlined in the chart, below. (This is a voluntary loss of coverage so COBRA provisions do not apply.)

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5. **Reinstatement of Coverage** – Plan specific reinstatement options are outlined in the chart below. Payment plans are not permitted for current or prospective coverage.
6. **Inactivate Benefits Billing** – UW System institutions are responsible for inactivating employees in benefits billing on or prior to the employees return to payroll and coordinating with UW-Shared Services, Service Operations to inactivate benefits billing and back out charges. This applies when an employee is returning to work/payroll and coverage has not been terminated due to nonpayment (see Termination of Coverage, above).
7. If the payment is taken through payroll and there is a charge in benefit billing for the same billing charge period – the UW System institution is responsible for coordinating with UW-Shared Services, Service Operations to inactivate the benefits billing and back out charges.

Benefit Payment Grace Periods, Reinstatement of Lapsed Coverage and Cancellation of Coverage Due to Non-Payment of Premiums

The chart on the following pages outlines how long an employee has to remit insurance premiums that are not paid timely (typically occurs when an employee is on an unpaid leave of absence or insufficient pay), when coverage may be reinstated if coverage lapses due to nonpayment, and when coverage may be retroactively terminated due to non-payment of premium. Exceptions to the guidelines below may occur in extenuating circumstances with the approval from UW System Human Resources.

UW-Shared Services, Service Operations, after discussions with the institutions, will cancel/lapse coverage due to non-payment while the employee is on a leave of absence, receiving insufficient pay or the employee is termed and is missing the last deduction(s). **Note:** Benefit Plans with an asterisk (*) have special provisions for terminated employees that require further review prior to coverage termination.

If the coverage is terminated for non-payment the employee has a “Grace Period” as outlined below to **reinstate** their coverage if they make payment in full for the missed premiums per the plan policy document.

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Benefit Plan	Grace Period	Re-enrollment / Reinstatement Options & Timeframe	Retroactive Cancellation of Coverage
State Group Health Insurance	Within 30 days of the end of the coverage month for which premiums were last paid.	<p>If coverage lapses due to non-payment of premium while on unpaid LOA, employee may prospectively reinstate the same* coverage (health plan and coverage level) that lapsed by submitting an application within 30 days of actively returning to work.</p> <p>Non-payment for employees actively working who are billed for premiums instead of taken through payroll deductions results in a voluntary termination/cancellation of coverage. Note if this is considered a cancellation the employee may need to wait for future annual or qualifying event for a prospective enrollment opportunity.</p> <p>*If an It's Your Choice (IYC) period occurred while on LOA and coverage was lapsed, employee is eligible for an IYC opportunity within 30 days of actively returning to work (may enroll in different health plan and/or coverage level).</p> <p>If an application for coverage is received timely, coverage is effective on the first of the month on or following receipt of the application.</p>	<p>If an employee does not remit premium timely per these guidelines, the UW System may retroactively cancel coverage back to the end of the last coverage month for which premiums were paid, up to 60 days.</p>
Preventive Dental Insurance	Within 30 days of the end of the coverage month for which premiums were last paid.	<p>If coverage lapses due to non-payment of premium while on unpaid LOA, employee may prospectively reinstate the same plan and coverage level that lapsed by submitting an application within 30 days of actively returning to work.</p>	<p>If an employee does not remit premium timely per these guidelines, the UW System may retroactively cancel coverage back to the end of the last coverage month for which premiums were paid.</p>
Supplemental Dental Insurance		<p>Non-payment for employees actively working who are billed for premiums instead of taken through payroll deductions results in a voluntary termination/cancellation of coverage. Note if this is considered a cancellation the employee may need to wait for future annual or qualifying event for a prospective enrollment opportunity.</p>	
Vision Insurance		<p>If an open or special enrollment occurred while on LOA <u>and coverage was lapsed (or employee not enrolled)</u>, employee may enroll in or change coverage levels per the terms of open or special enrollment period within 30 days of actively returning to work.</p> <p>If an application for coverage is received timely, coverage is effective on the first of the month on or following receipt of the application.</p>	

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Benefit Plan	Grace Period	Re-enrollment / Reinstatement Options & Timeframe	Retroactive Cancellation of Coverage
State Group Life Insurance*	<p>If employee is receiving earnings: Within 60 days of the end of the month for which premiums were last paid. The employer must make every effort to take all State Group Life Insurance premiums from payroll.</p> <p>If employee is on unpaid LOA: Within 31 days of the end of the coverage month for which premiums were last paid.</p> <p>If employee dies during the 31-day period after coverage ends, a death benefit is payable.</p>	<p>If coverage lapses due to non-payment of premium while on unpaid LOA, employee may prospectively reinstate the same units of coverage that lapsed (both employee & spouse/dependent unit levels) by submitting an application within 30 days of actively returning to work.</p> <p>If an application for coverage is received timely, coverage is effective on the first of the month on or following receipt of the application.</p> <p>The reinstated employee coverage level per unit should be the per unit coverage level in effect when coverage lapsed or the prior calendar year's WRS earnings, whichever is higher.</p> <p>Coverage that is terminated due to non-payment of premium does not offer a re-enrollment or reinstatement option. Any employee that wishes to re-enroll will need to apply through Evidence of Insurability.</p>	<p>If an employee does not remit premium timely per these guidelines, and:</p> <ul style="list-style-type: none"> • The employee was on unpaid LOA, the UW System may retroactively cancel coverage back to end of coverage month for which premiums were paid. • The employee was receiving earnings and premium not deducted in error: <ul style="list-style-type: none"> ○ If discovered within 60 days of coverage paid through date, collect missed premium(s) and <u>do not cancel coverage</u>. ○ If discovered more than 60 days after the paid through date, the UW System may retroactively cancel coverage back to the end of the coverage month for which premiums were paid.
Individual & Family Life Insurance	<p>Within 31 days of the end of the coverage month for which premiums were last paid.</p> <p>All premiums due must be paid during employee's lifetime.</p> <p>If employee dies during the 31-day period after coverage ends, a death benefit is payable.</p>	<p>If coverage lapses due to non-payment of premium while on unpaid LOA, employee may prospectively reinstate same coverage level in effect at time coverage lapsed by submitting an application within 30 days of actively returning to work. Coverage is effective on the first of the month on or following receipt of the application.</p> <p>If coverage was lapsed during the Annual Increase Option (AIO) period, the employee does <u>NOT</u> have an AIO election upon reinstatement of coverage / return to work. The employee must wait until the next AIO period to increase coverage.</p> <p>Coverage that is terminated due to non-payment of premium does not offer a re-enrollment or reinstatement option. Any employee that wishes to re-enroll will need to apply through Evidence of Insurability.</p>	<p>If on an unpaid leave or insufficient pay, the UW System may retroactively cancel coverage back to the end of the month for which premiums were paid.</p>

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UW Employees, Inc. Life Insurance	<p>Within 31 days of the end of the coverage month for which premiums were last paid.</p> <p>All premiums due must be paid during employee's lifetime.</p> <p>If employee dies during the 31-day period after coverage ends, a death benefit is payable.</p>	<p>If coverage lapses due to non-payment of premium while on unpaid LOA, employee may prospectively reinstate coverage by submitting an application within 30 days of actively returning to work. Coverage is effective on the first of the month on or following receipt of the application.</p> <p>Coverage level based on age as of January 1st of year in which coverage is reinstated.</p> <p>Coverage that is terminated due to non-payment of premium does not offer a re-enrollment or reinstatement option. Any employee that wishes to re-enroll will need to apply through Evidence of Insurability.</p>	<p>If on an unpaid leave or insufficient pay, the UW System may retroactively cancel coverage back to the end of the month for which premiums were paid.</p>
University Insurance Association (UIA) Life Insurance	<p>If missed annual payroll deduction, must remit payment by February 1st (effective starting with 1/1/2022 – 12/31/2022 plan year).</p> <p>All premiums due must be paid during employee's lifetime.</p> <p>If employee dies during the 31-day period after coverage ends, a death benefit is payable.</p>	<p>No reinstatement option – once coverage lapses, the employee may not be re-enrolled in the plan until the employee meets the eligibility requirements of the plan and has the annual payroll deduction (or pays the annual premium timely).</p>	<p>The employee is only enrolled annually once payment is received.</p>
Accidental Death & Dismemberment (AD&D) Insurance	<p>Within 60 days of the end of the coverage month for which premiums were last paid.</p>	<p>No reinstatement option – if coverage lapses, employee can enroll in the plan at any time while actively employed (not restricted to prior coverage level).</p> <p>Coverage is effective on the first of the month on or after the receipt of an application.</p>	<p>If on unpaid leave or insufficient pay, the UW System may retroactively cancel coverage back to the end of the month for which premiums were paid.</p>

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Benefit Plan	Grace Period	Re-enrollment / Reinstatement Options & Timeframe	Retroactive Cancellation of Coverage
Accident Insurance	Within 30 days of the end of the coverage month for which premiums were last paid.	<p>If coverage lapses due to non-payment of premium while on unpaid LOA, employee may prospectively reinstate the same plan and coverage level that lapsed by submitting an application within 30 days of actively returning to work.</p> <p>Non-payment for employees actively working who are billed for premiums instead of taken through payroll deductions results in a voluntary termination/cancellation of coverage. Note if this is considered a cancellation the employee may need to wait for future annual or qualifying event for a prospective enrollment opportunity.</p> <p>If an open or special enrollment occurred while on LOA <u>and coverage was lapsed (or employee not enrolled)</u>, employee may enroll in or change coverage levels per the terms of open or special enrollment period within 30 days of actively returning to work.</p> <p>If an application for coverage is received timely, coverage is effective on the first of the month on or following return to work.</p>	If an employee does not remit premium timely per these guidelines, the UW System may retroactively cancel coverage back to the end of the last coverage month for which premiums were paid.
Income Continuation Insurance (ICI)	<p>ICI premiums are paid for the current coverage month.</p> <p>Must remit premium within 30 days of date deduction would have been taken if employee were on payroll.</p>	<p>If coverage lapses due to non-payment of premium while on unpaid LOA, employee may prospectively reinstate coverage by submitting an application within 30 days of actively returning to work.</p> <p>If an application for coverage is received timely, coverage is effective on the first of the month on or following receipt of the application.</p> <p>The reinstated coverage should be based on the coverage level/premiums in effect when coverage lapsed, until a full calendar year of WRS earnings is available (update during the following annual update period).</p>	<p>If on unpaid leave or insufficient pay, the UW System may retroactively cancel coverage back to the end of the month for which premiums were paid.</p> <p>Note: Always confirm that there is NOT a disability premium waiver in effect before coverage is canceled. If a premium waiver is in effect, coverage remains continuous.</p>
Long-Term Care Insurance	Within 30 days of premium due date (end of the grace period).	None	If on unpaid leave or insufficient pay, may retroactively cancel coverage back to the end of the month for which premiums were paid.

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The following plans are not available for benefits billing:

- Health Care Flexible Spending Account
- Dependent Day Care Flexible Spending Account
- Health Savings Account
- Wisconsin Retirement System (WRS)
- UW Tax- Sheltered Annuity (TSA) 403(b) Program
- Wisconsin Deferred Compensation (WDC) (457) Program

Refer to Reviewing the Benefits Billing Delinquency Report in HRS ([KB 82438](#)) for more information about the delinquency process and institution responsibilities.

Note: Every effort has been made to ensure that this information is correct and current. However, the terms and conditions of UW System benefits programs are established by state and federal laws and regulations, the relevant contracts, and the policies of the Board of Regents. These sources of authority have control over the information in this policy to the extent there are any differences or conflicts.