

## Benefits Billing

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

### A. Administration of Benefits Billing

1. UW-Shared Services, Service Operations is responsible for setting up benefits billing for employees (except UW-Madison). Employees typically include those who:
  - Are on unpaid leave of absence, premiums were not deducted in advance of the leave, and the employee does not want coverage to lapse.
    - Review the Leave of Absence web page:  
<https://www.wisconsin.edu/ohrwd/benefits/life-events/empcha/loa/>
  - Have insufficient pay for benefit premiums to be deducted or otherwise do not have benefit premiums deducted from payroll.
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 leave of absence* to avoid duplicate charges and refunds.
4. UW-Shared Services, Service Operations is responsible for monitoring payments, cancelling/lapsing coverage, and notifying vendors and benefits counselors of coverage lapse due to non-payment of premiums. The institution benefits counselor 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 approximately the 20<sup>th</sup> of each month.
  - The invoice will include current charges and delinquent charges (if applicable due to late enrollment).
    - i. Example – Charges for July coverage will be generated and billed around June 20<sup>th</sup>. July coverage will have a benefit billing charge period of 2107.
2. **Payment Due Date** – All payments are due on the 10<sup>th</sup> of the month during 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 14<sup>th</sup> of the month, it is considered delinquent.
  - UW-Shared Services, Service Operations will inform the institution benefits counselor of employees who are delinquent and will have coverage lapse due to non-payment.
  - The institution benefits counselor 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 coverage month, coverage will lapse due to non-payment by UW-Shared Services, Service Operations. (Example – if payment for July coverage is not received by July 31<sup>st</sup>, coverage will lapse effective July 1<sup>st</sup>.)
  - UW-Shared Services, Service Operations will terminate all coverages, inactivate employees in benefits billing, report coverage termination to all plan vendors, and provide the institution benefits counselor with a list of employees who did not submit payment for coverage.
  - The institution benefits counselor 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** – Institution benefits counselors should coordinate with UW-Shared Services, Service Operations to inactivate employees in benefits billing on or prior to the employees return to work. This applies when an employee is returning to work and coverage has not been terminated due to nonpayment (see Termination of Coverage, above).
7. If the payment is deducted through payroll and there is a charge in benefit billing for the same billing charge period – the institution benefits counselor should coordinate with UW-Shared Services, Service Operations to inactivate the benefits billing and back out charges.
8. If an employee has paid for a partial month of coverage and payment for the remaining premium is not remitted timely coverage will be terminated back to the last full month premium was paid and the partial payment will be refunded.

#### **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 Universities of Wisconsin Office of Human Resources.

UW-Shared Services, Service Operations, after discussions with the institution benefits counselor, 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
<b>State Group Health Insurance</b>	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 deducted 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 open enrollment or qualifying event for a prospective enrollment opportunity.</p> <p>*If a benefits enrollment period occurred while on LOA and coverage was lapsed, employee is eligible for an enrollment 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 Universities of Wisconsin may retroactively cancel coverage back to the end of the last coverage month for which premiums were paid, up to 60 days.</p>

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Benefit Plan	Grace Period	Re-enrollment / Reinstatement Options & Timeframe	Retroactive Cancellation of Coverage
<b>Preventive Dental Insurance</b>	Within 30 days of the end of the coverage month for which premiums were last paid.	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.	If an employee does not remit premium timely Universities of Wisconsin may retroactively cancel coverage back to the end of the last coverage month for which premiums were paid.
<b>Supplemental Dental Insurance</b>		Non-payment for employees actively working who are billed for premiums instead of deducted 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.  If an open or special enrollment occurred while on LOA <i>and coverage was lapsed (or employee not enrolled)</i> , 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.	
<b>Vision Insurance</b>		If an application for coverage is received timely, coverage is effective on the first of the month on or following receipt of the application.	

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Benefit Plan	Grace Period	Re-enrollment / Reinstatement Options & Timeframe	Retroactive Cancellation of Coverage
<b>State Group Life Insurance*</b>	<p><i>If employee is receiving earnings:</i> Within 60 days of the end of the month for which premiums were last paid. The employer must make every effort to deduct all State Group Life Insurance premiums from payroll.</p> <p><i>If employee is on unpaid LOA:</i> 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 may be 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 &amp; 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"> <li>• The employee was on unpaid LOA, the Universities of Wisconsin may retroactively cancel coverage back to end of coverage month for which premiums were paid.</li> <li>• The employee was receiving earnings and premium not deducted in error: <ul style="list-style-type: none"> <li>o If discovered within 60 days of coverage paid through date, collect missed premium(s) and <i>do not cancel coverage</i>.</li> <li>o If discovered more than 60 days after the paid through date, the Universities of Wisconsin may retroactively cancel coverage back to the end of the coverage month for which premiums were paid.</li> </ul> </li> </ul>

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Benefit Plan	Grace Period	Re-enrollment / Reinstatement Options & Timeframe	Retroactive Cancellation of Coverage
<b>Individual &amp; Family Life Insurance</b>	<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 may be 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 is <i>not</i> eligible for 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, Universities of Wisconsin may retroactively cancel coverage back to the end of the month for which premiums were paid.</p>
<b>Accidental Death &amp; Dismemberment Insurance</b>	<p>Within <i>60 days</i> 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, Universities of Wisconsin may retroactively cancel coverage back to the end of the month for which premiums were paid.</p>

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<b>Accident Insurance</b>	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 deducted 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 <i>and coverage was lapsed (or employee not enrolled)</i>, 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, Universities of Wisconsin may retroactively cancel coverage back to the end of the last coverage month for which premiums were paid.
<b>Income Continuation Insurance</b>	<p>ICI premiums are paid for the current coverage month.</p> <p>Must remit premium within 30 days of date deduction would have been deducted 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, Universities of Wisconsin may retroactively cancel coverage back to the end of the month for which premiums were paid.</p> <p>Note: Always confirm that there is <i>not</i> a disability premium waiver in effect before coverage is canceled. If a premium waiver is in effect, coverage remains continuous.</p>



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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 403(b) Supplemental Retirement Program (SRP)
- Wisconsin Deferred Compensation (WDC) 457 Program

*Note: Every effort has been made to ensure that this information is correct and current. However, the terms and conditions of Universities of Wisconsin 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.*