



Special Enrollments Due to Loss of Coverage

This is a reminder regarding an IRS regulation concerning the enrollment of spouses and/or dependents due to loss of coverage **on a prospective basis**.

The language of the Special Enrollment Rights notes: “If the event was a loss of coverage, the coverage is required to be effective no later than the first day of the first calendar month beginning after the date the completed request for enrollment is received by the plan.” Because coverage is not required retroactively (as is the case when a newborn is added), a salary reduction may only be charged on a prospective basis – meaning that a spouse and/or dependents can only be added to the health plan on a prospective basis.

What this means to you: All enrollments of spouses and/or dependents to your health plan (due to a loss of coverage) must be added on a prospective basis.

- **The loss of coverage date may only be used as the effective date if the employee notified you prior to (or on) the date of the loss of coverage** and the enrollment form is signed prior to the loss of coverage date.
- **If the employee notifies the employer after the date of the loss of coverage, then the spouse and dependents will be effective the first of the month after notification is received by the employer.**

The enrollment with the carrier will not be effective prior to the date of loss regardless of the date the employee notifies the employer. The pre-emptive notification by the employee allows the employer to add the member as of the date of loss but does not require the employer to add the spouse before the first of the following month. *Under no circumstances can a member be added to the plan prior to the date of notification of the loss of coverage.* Losing existing coverage prior to meeting the waiting period rules of the employer does not allow the employee to be added to the plan before their eligibility is met.

Please advise your employees to notify you as soon as they become aware of a loss of coverage situation so that the spouse and/or dependents may be added and effective as soon as possible (ideally the date of the loss of coverage).

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