

**Human
Resources Guide
to**

Long-Term Care

Coverage



M-PEL

Revised: April, 2010

Employee Status Changes

A. Role of HR

- Give employee phone number (888/653-9600) and website (www.mpel.org) for plan
- Direct employee questions, including those regarding payroll deduction, to insurer
- Fill in information for date of hire, date of benefit eligibility, employee ID, and payroll location in the gray box on the applications forms for employees and their spouses

B. Role of Employee

- Review materials on the plan's website (www.mpel.org) or in paper enrollment kit
- Call (888/653-9600) or email (cnagroupecustomerservice@ltcg.com) customer service with any questions
- Complete application and mail directly to insurer
- Make changes to coverage using "Change Form on plan website"

C. Role of MMB Employee Insurance Division

- Verify eligibility
- Troubleshoot any problems

I. Introduction

A. The benefit

Group long-term care insurance provides a wide range of options to cover expenses relating to long-term nursing and home care. Coverage is optional with full cost paid by the enrollee. The coverage is portable, so employees may continue coverage if they retire or otherwise leave employment with the coverage and cost remaining the same. Coverage is not subject to COBRA.

B. Underwriting and administration

The M-Pel is insured by CNA Group Benefits, which is part of Continental Casualty Company and is based in Chicago. Administration is done by a third party that has operations throughout the country. M-Pel's customer service, underwriting, and claims administration are all based in Minnesota.

C. Enrollment

Group long-term care insurance was first introduced to state employees in the fall of 2000. During that time, employees could enroll without showing evidence of good health, provided they were actively at work when coverage went into effect. M-Pel held open enrollments in June 2006 and May 2010. Since then, all employees who wish to enroll must show evidence of insurability or good health, with the exception of new employees who have a 35 day eligibility period to enroll or employees who become newly insurance eligible who have a 30 day period within which to enroll. (See Section III, "Enrollment of new hires, current employees, and their spouses and parents".) As of this publication, M-Pel is not planning another open enrollment.

All retirees not enrolled who would like coverage may apply for the employee/retiree plan with evidence of insurability or good health.

D. Billing

Unlike premiums for other insurance benefits, those for long-term care insurance are taken biweekly rather semi-monthly. Currently, MMB's computer system is not used for the billing. As a result, employer units that are not on the Central Payroll (i.e. IBUs) have had to establish separate interfaces with the insurer to provide for payroll deduction. Initially, most IBUs only provided direct bill, but an increasing number have arranged for payroll deduction.

II. Eligibility

A. Employees

An employee who is eligible for other employee benefits under the State Employee Group Insurance Program (SEGIP) is eligible for long-term care coverage if they are actively at work.

B. Spouses of employees

Persons who are lawful spouses of eligible employees are also eligible to apply, regardless of whether or not the employee enrolls.

C. Parents of employees

Parents of eligible employees who are of any age are eligible to apply. This includes a natural parent, an adoptive parent or any other person who is legally married to a natural parent or adoptive parent. Parents may apply regardless of whether or not the employee enrolls.

D. Retirees and their spouses

Retirees may apply if they were at one time eligible for state-sponsored insurance and benefits under Minnesota Statutes Chapter 43A.27. Spouses of retirees may apply even if the retiree does not apply or is deceased.

III. Enrollment of new hires, current employees, and their spouses and parents

D. Newly-eligible employees

1. Eligibility

Employees who are actively at work may enroll within their 35 day eligibility period or within 30 days of becoming newly-eligible for employee benefits without showing evidence of good health. These employees must also be actively at work when coverage goes into effect. If the employee is on a scheduled vacation or a scheduled semester break at that time, he or she will be deemed to be actively at work. If the employee is on sabbatical, disability, medical leave, or other leave of absence at that time, the coverage will take effect on the first regular scheduled day he or she returns to work.

2. Application process

Newly-eligible employees must complete the “Enrollment Form for Employees” and give the form to their HR to complete the information about date of hire, date of benefit eligibility, and payroll location in the gray box on the first page. The DDIR can then send it directly to the insurer. The enrollment form is available online or in the printed enrollment kit. During open enrollment periods, enrollment is done on-line.

3. Effective date and premium payment

For newly-eligible employees, coverage is effective on the first day of the month that falls on or immediately follows the date the carrier receives and processes the enrollment form. For actively at work employees who are payroll deducted for their premiums, the effective date will be the start of the next available payroll cycle after the carrier receives and processes the enrollment form.

E. Late-enrolling employees

1. Eligibility

Employees who are “late-enrolling” or past the 35 day eligibility or enrollment window, may apply at any time, but must provide evidence of insurability and be actively at work at the time when coverage goes into effect.

2. Application process

Late-enrolling employees can apply at any time by completing the “Short Form Application for employees’ spouses and late-enrolling employees.” Since this form contains health information, HRs may wish to complete the information about date of hire, date of benefit eligibility, and payroll location in the gray box before they give it to the employee to complete and mail directly to the insurer so that they do not need to see the health information.

3. Effective date and premium payment

Coverage is subject to approval and will take effect on the first pay period following the date the insurer approves and processes the application. For actively at work employees, premiums are automatically payroll deducted unless otherwise indicated.

F. Spouses of employees

1. Eligibility

Spouses of employees may apply at any time, but must provide evidence of insurability.

2. Application process

Spouses of employees can apply at any time by completing the “Short Form Application for employees’ spouses and late-enrolling employees.” Since this form contains health information, HRs may wish to complete the information about date of hire, date of benefit eligibility, and payroll location in the gray box first and give it to the employee and have their spouse then complete it and mail directly to the insurer so that they do not need to see the health information.

3. Effective date and premium payment

Coverage is subject to approval and will take effect on the first pay period following the date the insurer approves and processes the application. Premiums for spouses of actively at work employees are automatically payroll deducted unless otherwise indicated.

G. Parents of employees

1. Eligibility

Parents of employees may apply at any time, but must provide evidence of insurability.

2. Application process

Parents of employees must complete the “Long Form Application” and mail it directly to the insurer. It usually takes at least 30-60 days for applications to be processed, and only about half of all applications are accepted for coverage.

3. Effective date and premium payment

Coverage is subject to approval and coverage will take effect on the first of the month that falls on or next follows the date the insurer approves and processes the application.

Premiums for parents are payable on a quarterly, semi-annual or annual direct-billed basis or via monthly electronic funds transfer.

H. Retirees and their spouses

1. Eligibility

Retirees and their spouses may apply at any time, but must provide evidence of insurability or good health.

2. Application process

Retirees and their spouses must complete the “Long Form Application” and mail it directly to the insurer. It usually takes at least 30-60 days for applications to be processed, and only about half of all applications are accepted for coverage.

3. Effective date and premium payment

Coverage is subject to approval and coverage will take effect on the first of the month that falls on or next follows the date the insurer approves and processes the application.

Premiums for retirees and their spouses are payable on a quarterly, semi-annual, or annual direct-billed basis, or via monthly electronic funds transfer.

IV. Changes

A. Changing name and address

Enrollees can change their name or address with the insurer by submitting signed instructions directly to the insurer, or enrollees can use the “Change Form” on the plan’s website www.mpel.org

B. Increasing coverage

Enrollees may increase their coverage in writing at any time, but must provide evidence of good health. Employees and their spouses must complete the short form application, while parents and retirees must complete the long form application, both of which maybe printed off the plan’s website.

C. Decreasing coverage

Enrollees may decrease their coverage in writing at any time without providing evidence of good health. There is no form for doing this. Persons should call the plan directly at 888-653-9600.

D. Paying for coverage during paid leaves

Enrollees who are not actively at work but remain on the payroll will continue to have their long-term care premiums deducted.

E. Paying for coverage during unpaid leaves

If an employee is not actively at work and no longer receiving wages, CNA will automatically begin to send bills to that person and his or her spouse at their home. No conversion under COBRA applies to long-term care coverage.

F. Returning to work

Enrollees who were off the payroll and return to work can reinstate payroll deduction by using the “Change Form” on the plan’s website.

G. Changing payment method

Enrollees may change the way they pay their premiums by completing the “Change Form” on the plan’s website.

H. Changing payment frequency

Since long-term care coverage is not administered through the state’s computer systems, academic enrollees who are paid on a nine-month basis may not pay premiums for this coverage in arrears. However, they may use the “Change Form” on the plan’s website to change their deductions from twelve times a year to nine times a year and vice-versa.

I. Paying for coverage after termination

Employees who retire or otherwise leave state service will automatically be billed at their homes once they are no longer on the payroll. If employees are changing their address at the same time they are terminating, they should notify the insurer.

J. Allowing coverage to lapse

Persons who fall off the payroll will automatically be sent bills at their homes and will be given 60 days to make payment before coverage lapses. By law, persons are also given the option of appointing a third party, such as a son or daughter, to be notified before coverage lapses to protect enrollees from inadvertently allowing a lapse due to impaired functioning. Periodically, the insurer will notify enrollees of this option. Persons wishing to re-enroll must show evidence of insurability or good health and pay premiums based on their age at the time of re-enrollment.

K. Canceling coverage

Enrollees may cancel coverage at anytime by completing the “Change Form” on the plan’s website.

V. Tax Treatment

A. Pretax treatment

Currently, persons may not use pre-tax dollars to their premiums. Persons may claim these premiums as a medical expense on their federal tax return if they itemize. However, few employees will have enough medical expenses to reach the required threshold.

B. State tax credit

Minnesota residents may claim a tax credit of up to 25% of the long-term care insurance premiums paid, or \$100 or \$200 if filing jointly per year, whichever is smaller, providing the value of the policy’s maximum life time benefit is at least \$100,000. (All employee plan options meet this criterion.) Enrollees can claim the tax credit on the form Schedule M-1LTI when they

file their state taxes. The form only requires that they indicate the policy number, which is 9938, and the amount of premiums paid. This form may also be printed off the plan's website.

VI. Contact information

- ◆ All correspondence should include a social security number and Employee ID number.
- ◆ All changes in coverage must be made in writing.
- ◆ Many changes can be made using the "Change Form" on the plan's website and mailing or faxing it to the insurer.
- ◆ For applications for coverage, CNA needs the original form with a signature.

A. Mail

CNA Insurance
P O Box 946760
Maitland, FL 32794-9776

B. Phone

Employee customer service: 888/653-9600
Retiree customer service: 877/318-8490
Customer service manager (HR's only): Stacy Byrd: 800/262-1978

C. E-Mail

cnagroupecustomerservice@lctg.com

D. Fax

(407) 919-6391

E. Website

www.mpel.org