

**HEALTH & WELFARE
EMPLOYEE BENEFITS MANUAL**

UPDATED: JULY 2017

**VIRGINIA BANKERS
ASSOCIATION**
Benefits Corporation

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INTRODUCTION

Welcome to the VBA Benefits Corporation's Health & Welfare Employee Benefits Manual. This document is intended to be a guide that will assist you in administering your VBA benefit programs. It does not describe the benefit plan design offerings. This information can be found on our website. The following are topics that will be covered in this guide:

- Contact information for both insurance carrier partners and the VBA Benefits staff
- Plan eligibility requirements, participation requirements and special administrative rules
- ACA compliance support
- HIPAA compliance support
- COBRA administration
- VBA Benefits website overview

OVERVIEW OF VBA BENEFITS CORPORATION

Since 1946, the VBA has offered a number of employee benefit programs for member employers. All benefits are provided through contracts issued by insurance carriers and other providers to the VBA Insurance and Pension Trusts. Daily operation of the benefit programs is the responsibility of the VBA Benefits Corporation.

VBA Employee Benefit Programs are monitored by the VBA Benefits Corporation Board of Directors. Selected from participating VBA members, the Board of Directors meets quarterly to review performance goals and to oversee program operations. The Board's purpose is to guarantee that our programs, coverage provisions, and costs are the best programs for their fellow association members, thereby shifting the focus from the seller's interest to the VBA membership's interest.

Our fee structure is designed to cover our operational costs while providing services that are valuable to the Association's members. Our intention is not to make a profit on your employee benefit plans.

Effective January 1, 2015, the VBA's medical and dental plans became self-funded, which required the creation of two trusts where premiums are held and paid to carriers:

- The Virginia Employerers Association Medical and Dental Trust; medical and dental costs
- The Virginia Employerers Association Group Insurance Trust; fully-insured ancillary coverages

Both trusts are maintained by SunTrust, our directed Trustee.

CONTACT INFORMATION

VBA BENEFITS STAFF

Name	Title	Direct Dial	Email Address
Laurie Milligan	COO	804-819-4721	lmilligan@vabankers.org
John Snead	VP, Member Relations	804-819-4733	jsnead@vabankers.org
Suzie Allen	Benefits Coordinator, VBA HR Director	804-819-4730	sallen@vabankers.org
Gail Askew	Manager, Health & Welfare Plans	804-819-4722	gaskew@vabankers.org
Pam Connelly	Director, Benefit Plan Analysis	804-819-4752	pconnelly@vabankers.org
Bobbi Weimer	Benefits Compliance Specialist	804-819-4719	bweimer@vabankers.org

For general inquiries please call the VBA Benefits Corporation at 1-800-643-5599

PARTNERS

Benefit	Provider	Telephone Number	Website
Medical	Anthem PPO (Keycare)	1-800-451-1527	www.anthem.com
	Anthem HMO	1-800-421-1880	
	Anthem Lumenos (HRA, HSA)	1-800-582-6941	
	Rx Drugs (Mail Order: Express Scripts)	1-800-451-6245	
Dental	Delta Dental	1-800-237-6060	www.deltadentalva.com
Life	Minnesota Life	1-800-643-5599 (VBA)	www.minnesotalife.com
Disability (LTD/STD)	Liberty Mutual	1-800-643-5599 (VBA)	www.libertymutual.com
Vision	VSP	1 (800) 877-7195	www.vsp.com
Flexible Spending Accounts	LD&B	1-877-532-5478	www.LDBbenefitsadmin.com
COBRA	Flexible Benefits Administrators	1-800-437-3539	www.flex-admin.com
Group Critical Illness & Accident	MetLife	1-800-643-5599 (VBA)	www.metlife.com
Group Hospital Indemnity	ALFAC	1-800-643-5599 (VBA)	www.aflacgroupinsurance.com
Group Legal	Hyatt Legal (MetLaw)	1-800-821-6400 (client svc ctr)	www.info.legalplans.com
Pet Insurance	FIGO	1-800-643-5599 (VBA)	www.vabankers.org

ELIGIBILITY REQUIREMENTS

Medical and Prescription Drug - Anthem

- Full-time and part-time employees working a minimum of 20 hours per week
- Spouses and domestic partners
- Children, up to age 26; coverage ends on last day of the month
- Retirees age 55 but under 65 with a minimum threshold years of service chosen by employer (typically 10 years); employer must choose to offer coverage company-wide and premiums calculated as 150% of active rates. A retiree's covered spouse under age 65 may keep his or her coverage until age 65.
- Board of Directors can be covered only if they receive a W-2 from the employer; VBA will grandfather those covered under the plan prior to 2014.
- Employees who become disabled and not actively at work cannot stay on the plan for longer than six months.

Medicare Supplement - The Hartford/Benistar (Express Scripts)

- Employees or retirees who are Medicare-eligible (age 65 or older) and currently covered under one of the VBA active plans are eligible for this benefit.
- Covered spouses over age 65 are eligible if currently covered under one of the VBA active plans, but cannot elect coverage if the employee/retiree does not

Dental - Delta Dental

- Full-time and part-time employees working a minimum of 20 hours per week
- Spouses and domestic partners
- Children, up to age 19; coverage ends on last day of the year
- Children, up to age 25 if full-time student; coverage ends on last day of the month
- Retirees and spouses who are covered under a VBA medical plan are eligible; spouses cannot elect coverage if the retiree does not

Vision - VSP

- Full-time and part-time employees working a minimum of 20 hours per week
- Spouses and domestic partners
- Children, up to age 19; coverage ends on last day of the year
- Children, up to age 25 if full-time student; coverage ends on last day of the month
- Retirees and spouses who are covered under a VBA medical plan are eligible; spouses cannot elect coverage if the retiree does not

Basic and Supplemental Life Insurance and AD&D - Minnesota Life

- Full-time employees working a minimum of 30 hours per week
- Retirees can be covered if employers elect to offer

Dependent Life insurance - Minnesota Life

- Spouses and domestic partners
- Children from live birth up to end of calendar year in which they turn 19 or 25, if full-time student
- **NOTE:** spouses who are covered as an employee for basic life of a VBA-participating employer cannot be covered as a spouse for dependent life. In addition, children cannot be covered under both employees' dependent life coverages.

Long Term Disability (LTD) - Liberty Mutual

- Full-time employees working a minimum of 30 hours per week

Short Term Disability (STD) - Liberty Mutual

- Full-time employees working a minimum of 30 hours per week; applies to fully-insured plans only

Flexible Spending Accounts - LD&B

- Full-time employees working a minimum of 20 hours per week

Group Critical Illness & Accident - MetLife; AFLAC effective January 1, 2018

- Full-time or part-time employees working a minimum of 20 hours per week
- Dependents may be covered under the plan

Group Hospital Indemnity - AFLAC

- Full-time or part-time employees working a minimum of 20 hours per week
- Dependents may be covered under the plan

Group Legal Assistance - Hyatt Legal (MetLaw)

- Any employee of the employer, assuming cost can be payroll deducted

Pet Insurance - FIGO

- Any employee of the employer; premium varies by breed and age and quotes are provided through online website (access through VBA website under Explore Employee Benefits tab)
- 10% discount for VBA participants and if coverage is elected, premium is direct billed.

PARTICIPATION REQUIREMENTS

The VBA Benefits Corporation sets participation requirements for our member employers, primarily due to the contractual requirements set by the insurance carriers.

COVERAGE	MINIMUM PARTICIPATION REQUIREMENTS
Medical & Prescription Drug	75% participation; employees cannot opt out of the plan unless show proof of coverage elsewhere
Medicare Supplement	None
Dental	75% participation; employees cannot opt out of the plan unless show proof of coverage elsewhere
Vision	None
Basic Life Insurance	100% participation
Supplemental Life	None
Dependent Life	None
Long Term Disability	100% participation; employers can fund through LTD flex credits which can create tax-free disability benefit, however, ALL employees must elect and pay for an LTD option.
Short Term Disability: FI - Employer-paid	100% participation
Voluntary	None
Flexible Spending Accounts	None
Group Critical Illness and Accident	None
Hospital Indemnity	None
Legal Assistance	None

BILLING RULES

- The VBA provides a consolidated monthly bill that covers all lines of coverage; we reconcile and remit payment to all carriers.
- The bills are run on the 23rd of the prior billing month; the VBA typically needs a few days to make adjustments before employers can pull the invoice from the bswift system.
- The billed amount is typically drafted (ACH) on the first business day of every month
- We utilize the “wash rule” for new hires, terminations and changes:
 - If an employee is hired on or before the 15th of the month, full month’s premium is due
 - If an employee is hired on or after the 16th of the month, you will not be charged premium
 - If an employee terminates on or before the 15th of the month, you will receive the full month’s premium
 - If an employee terminates on or after the 16th of the month, you will not be reimbursed the monthly premium
- NOTE: The wash rule does not apply to dental; coverage is the first of month following waiting period. See dental section for more details.

ADMINISTRATIVE RULES

Medical

- Waiting periods for healthcare coverage can no longer exceed 90 days under ACA requirements.
- Due to our carriers' minimum participation requirements, if an employee opts out of the employer's medical plan, he or she must complete a HIPAA opt-out form to certify evidence of coverage elsewhere. You can find a sample form under **Forms and Resources** on the VBA website.
- All active employees covered under the medical plans should receive an annual *Creditable Coverage Notice*, which is particularly important when an employee is getting ready to transition to Medicare Part D. An individual may be subject to a penalty if he or she has not had continuous creditable drug coverage since age 65 and prior to application for Part D. Although this is most important for your active employees age 65 or over, a spouse or disabled child could be Medicare eligible as well. **Important: If you have employees covered under the HDHP 4000/70% plan, please make sure your employees receive the Non Creditable Coverage Notice. You can find both notices under Forms and Resources on the VBA Benefits website.**

Dental

- The coverage effective date is always the first of the month following your waiting period. Coverage always ends on the last day of the month following the employee's termination date.

Life Insurance

- The guaranteed issue amount of life insurance is \$500,000, which is the total combined amount for basic and supplemental life. For amounts greater than \$500,000, evidence of insurability (EOI) is required (health questions requested by insurer). Until EOI is approved, life insurance amounts are capped at \$500,000. The VBA will notify you once the amounts have been approved or denied.
- If an employer offers supplemental life, employees who do not elect coverage at their initial enrollment offering or elect a higher amount of insurance at annual open enrollment will also need to submit evidence of insurability.
- Spouse dependent life is guaranteed issue up to \$30,000. If coverage is not elected at initial enrollment or request a higher amount of insurance at annual open enrollment, evidence of insurability is required.
- All amounts of child dependent life are guaranteed issue at each open enrollment, although employees may only move up one step at each OE.

- We have a waiver of premium provision in our life insurance contract. This applies to covered employees who become totally disabled prior to age 60. Life insurance premiums will be waived if deemed totally and permanently disabled. The VBA will send the waiver of premium form when the employee is eligible. We recommend that you keep the employee's insurance in force until the waiver determination has been made by the insurance company.
- When an employee or covered dependent dies, contact the VBA Benefits Corporation for the appropriate claim forms. An original certified copy of the death certificate will be required.
- All completed claims forms must be returned to the VBA for benefit certification and submission to the carrier.
- When employees terminate employment, basic and supplemental life may be **ported**. Dependent life can be ported if an employee ports supplemental life. Minnesota Life sends information directly to all terminated employees.

Long Term Disability (LTD)

- Please give the disabled employee the LTD flyer with directions on how to report a disability claim. We recommend this is done once the employee has reached the midpoint of his or her elimination period (does not apply if employer has VBA STD).
- The carrier will send VBA an employer statement that needs to be completed by the employer; once the VBA receives the completed form and job description, we will certify coverage and submit the claim to the insurance carrier.
- When claim has been approved, the VBA will notify the employer; the insurance carrier will notify the disabled employee.
- LTD checks will be mailed directly to the disabled employee; direct deposit can be elected by calling the insurance carrier and requesting the forms.

Short Term Disability (STD)

- Please give employee STD flyer with directions on how to report absence to the STD carrier by calling a toll-free number.
- The carrier sends an employer statement to the VBA and we will forward to employers for completion.
- VBA will notify employer when disabled has been approved.
- STD checks will be mailed directly to the disabled employee.

Group Critical Illness (CI) and Accident

- Available at each open enrollment on guaranteed-issue basis.
- Premiums paid on an after-tax basis so benefit will be tax-free and non-ERISA plan.
- Portability feature if terminate employment with VBA participating employer.

Group Hospital Indemnity

- Available at each open enrollment on guaranteed-issue basis.
- Premiums paid on an after-tax basis so benefit will be tax-free and non-ERISA plan.
- No pre-existing condition limitations, including pregnancy, although the first newborn covered under the plan will not have coverage until the first of the month following birth.
- Portability feature if terminate employment with VBA participating employer.

Group Legal Assistance

- Available at each open enrollment.
- Premiums paid on an after-tax basis so benefit will be tax-free and non-ERISA plan.
- Election is for entire plan year; cannot drop coverage mid-year.
- Portability feature if terminate employment with VBA participating employer.

Pet Insurance

- Available at any time through the VBA website (www.vaemployers.org) under the Explore Employee Benefits tab.
- Premiums are direct billed to employee.

AFFORDABLE CARE ACT (ACA) COMPLIANCE

2014	2015 - 2018
<ul style="list-style-type: none"> • Individual mandate • Insurance exchanges effective • Pre-existing conditions prohibited • 90-day limit on waiting periods • Health Insurance Tax applied through 2018 • Transitional Reinsurance Tax through 2016 • Wellness premium differentials increase 	<ul style="list-style-type: none"> • Employer Pay or Play Mandate <ul style="list-style-type: none"> • Tracking of full-time employees • Affordable coverage • Sufficiently valuable coverage • Employer reporting and disclosure requirements delayed until 2015, with first report due March 2016 • Individual mandates increase • Automatic enrollment requirements for employers with 200+ full-time employees delayed until after January 2014 (TBD) • Excise “Cadillac Plan” tax on high cost plans in 2020

Employer ACA Requirements

- Employer Fees and Taxes – **VBA will pay on your behalf to the IRS**
 - PCORI Fees
 - Health Insurer Tax
- Affordable Coverage: Employee contribution for lowest cost health plan cannot be more than 9.69% of taxable income in 2017 (**9.56% in 2018**)
- Sufficiently Valuable Coverage: VBA’s health & welfare consultant has verified all VBA plans meet the 60% actuarial value threshold
- Minimum Essential Coverage: VBA’s plans provide minimum essential coverage

Employer ACA Reporting Requirements

- Minimum Essential Coverage (MEC) Reporting (Code 6055) – requires reporting by health insurers and self-funded employers to enforce individual mandate. **VBA will complete on behalf of employers in plan. Tax forms will be accessible through the bswift system.**
- Employer Mandate Reporting (Code 6056) – requires reporting by employers with more than 50 FTEs to enforce Employer Mandate and eligibility for premium credit. **Each employer’s responsibility. Bswift will handle if employer signs up for service.**
- Notice of Exchange Availability – one time requirement for existing employees and not required to be reissued annually. ***New hires after October 1, 2013 should be provided copy of notice within 14 days after date of hire. Updated notice on VBA Benefits website.***

HIPAA COMPLIANCE

The VBA Benefits Corporation is HIPAA-compliant and serves as HIPAA officer for most of our employers which allows you to remain separated from receiving detailed claims information or protected health information (PHI). We maintain all HIPAA-related documents, including HIPAA Policy, Privacy Compliance Manual, and Business Associate Agreements (BAAs) with our vendors. We have traditionally found this saves our employers/associate members time and money in having us take on this role.

We receive assistance from our outside legal counsel, Troutman Sanders, to review and update our policies and procedures, and documents to ensure we are compliant with the law.

COBRA

We include COBRA administration for those employers who participate in our medical, dental and vision plans. Flexible Benefits Administrators (FBA) receives ongoing files from bswift with information on new hires and terminations. Important reminders include:

- When you add new hires, FBA will mail an Initial Rights notice to their home addresses
- When employees are terminated, FBA will mail a COBRA qualifying event election packet sent to the last home address on the bswift system.
- COBRA notices when a dependent becomes ineligible will automatically be generated
- HR administrators should communicate to terminating employees or ineligible dependents that FBA will be sending the COBRA election packets to their home addresses and the cost is based on the entire premium (both employer and employee portion) plus a 2% COBRA administration fee.

General COBRA rules apply after a qualifying event:

- Employee and qualified dependents can elect coverage for up to 18 months
- Under certain circumstances, ineligible dependents can elect coverage for up to 36 months
- Disabled employees can elect coverage for up to 29 months

For detailed information about COBRA, please refer to the medical plan summary plan descriptions, found on the VBA website.

EAP

The EAP model includes four visits to a mental health provider; this creates a health plan which means that terminated members must be offered COBRA rights. Since the VBA administers COBRA for our plan participants, we can only meet COBRA obligation requirements for medical plan enrollees. For employees who waive medical coverage, if an employer offers our disability plan, an EAP can be offered through our disability carrier, Liberty Mutual. Information is available on the VBA website.

ANNUAL DISCLOSURE REQUIREMENTS

Notice	Explanation	Entity Responsible	Frequency	Applicable Document
Summary of Benefits and Coverage (SBC)	Four-page uniform description of benefits available at open enrollment. Anthem will provide SBC, employers must distribute to eligible employees. Follow the same distribution guidelines as SPDs. Electronic distribution is acceptable within specific parameters. Paper copy must be available upon request.	VBA will provide SBCs to employer; Employer will distribute/post to employees	Annual	During open enrollment period; first day of plan year (for newly eligible)
Patient Protection Disclosures	Participants may select any participating provider available to accept them as a patient. A child may elect a provider specializing in pediatric care. Obstetrical or gynecological care may be obtained without a referral or prior authorization.	Anthem	Not defined as annual distribution; must be included with a SPD or other similar description of benefits; OE suggested	Provided in booklet/SPD.
HIPAA Special Enrollment and Pre-existing Condition Exclusion Notices	Eligible participants must receive notice of special enrollment rights. Pre-existing condition not applicable to VBA plan.	Employer	Annually	Included in Anthem booklet in section labeled, "When You Enroll".
Women's Health and Cancer Rights Act (WHCRA) Notice	Requires annual notice to all participants and beneficiaries regarding rights to post-mastectomy breast reconstruction. One notice at initial enrollment, annually thereafter.	Anthem	Annually	Provided by Anthem with ID cards for initial enrollment requirement; language included in booklet for annual notice.
Medicare Part D Creditable (or Non-Creditable) Coverage Notice	Employer must provide notice if prescription drug coverage is creditable (i.e. at least actuarially equivalent to Medicare's standard Rx benefit). Required recipients are	Employer	Annually and at several other times	Typically included with open enrollment materials. Available on VBA website.

	Part D-eligibles who are “enrolled or seeking to enroll” in the employer’s plan.			
Children’s Health Insurance Program (CHIP) Notices	Applicable in a state that provides a premium assistance subsidy under Medicaid or CHIP. Must provide in VA.	Employer	Annually	Distributed at annual open enrollment; must be presented as a “separate and prominent” document; available on VBA website
Wellness Program Notices	If a wellness program requires individuals to meet a standard related to a health factor in order to obtain a reward, the HIPAA nondiscrimination rules require the program to comply with five conditions, including a disclosure requirement.	May apply to individual employer’s specific wellness plan, if based on outcomes-based incentives.		
Summary Annual Report (SAR)	Must be distributed within nine months after the close of each plan year. If an extension is filed for the plan’s Form 5500, the SAR deadline is also extended.	VBA provides to employer; employer must distribute	Annually	VBA provides SAR to employer with all plans offered, employer must customize to specific benefits offered. Distribution is dependent on each employer.
Health Insurance Marketplace Notice Requirement	Employers covered by the Fair Labor Standards Act (FLSA) are required to provide notice either electronically or in hard copy.	Employer	At time of hire	Sample notice posted on VBA website

OTHER DISCLOSURE REQUIREMENTS

Notice	Responsible Entity	Frequency
Initial COBRA QE Notice	FBA	Within 90 days of enrollment
HIPAA Notice of Privacy Practices	Employer	Given to new participants and redistributed if revised. Reminder must be distributed every three years regarding availability of detailed description. Available on VBA website. Last updated September 1, 2016.
Summary Plan Description (SPD) or Summary of Material Modification (SMM)	Employer	<p>As of 2015, customized SPDs were distributed to member employers; VBA will update each year based on new plan offerings. Booklet-certificates are provided on VBA website.</p> <p>SPD: employees must receive within 90 days of enrollment and again every five years. SMM: 210 days after effective date of change.</p>

VBA WEBSITE

The VBA website was revamped in 2014, which is found at www.vaemployers.org. Important documents and communications materials can be found under the *Explore Employee Benefits* button.



Under the *Health & Welfare Benefits* section, you find the following:

- Communications and Education, which include forms, flyers and brochures and recent recorded educational webinars
- Plan Summaries, including Summary Plan Descriptions (SPDs) and Summary of Material Modifications (SMMs)
- Wellness
- Health & Welfare Compliance

VBA ONLINE ENROLLMENT SYSTEM

See separate bswift Enrollment and Benefit Administration Processes and Procedures Guide for HR administrators.