SPOUSAL COORDINATION OF BENEFITS POLICY

This policy became effective with the State of Delaware on January 1, 1993 for a spouse who is eligible for health care coverage through his or her own employer. Effective July 1, 2011, the Spousal Coordination of Benefits Policy became applicable to retiree health care coverage available to a spouse through his or her employer from whom he or she is collecting a pension benefit. The intention of this policy is to ensure fiscal responsibility for the State of Delaware Group Health Insurance Program fund where other employers are offering health care benefits to their employees and retirees.

This section describes how this policy effects payment of health care benefits for spouses. In order to certify that an Employee or Pensioner's spouse is or is not covered by a health care plan where the spouse works or where the spouse is collecting a pension benefit, all Employees or Pensioners who enroll a spouse MUST complete the Spousal Coordination of Benefits Form to accompany submission of the enrollment application, each year during open enrollment and anytime throughout the year if your spouse's employment or insurance status changes. The Spousal Coordination of Benefits Form is used to determine the spouse's eligibility for primary or secondary coverage in a State of Delaware Group Health Insurance plan.

IT IS THE EMPLOYEE OR PENSIONER'S RESPONSIBILITY TO UPDATE SPOUSAL INFORMATION WITHIN 30 DAYS AFTER HIS OR HER SPOUSE LOSES OR GAINS COVERAGE AND EACH YEAR DURING OPEN ENROLLMENT.

How Payment of Benefits for Spouses is Affected

The following describes how the policy effects the benefits payment for spouses:

- If the Employee or Pensioner's spouse **is eligible for and not enrolled** in the health care plan offered by his or her own employer as an active employee or retiree, or is eligible for a cash benefit in lieu of a health plan and is not enrolled in a health plan, the State will pay 20% of allowable charges for services covered under the State's health care plan. See next section for enrollment requirements.

- If the Employee or Pensioner's spouse **is eligible for and enrolled** in the health care plan offered by his or her own employer as an active employee or retiree, or is eligible for a cash benefit in lieu of a health plan and is enrolled in a health plan, the State will pay for benefits provided under the State's health care plan after the spouse's health care plan pays. Payment from both plans combined will not exceed 100% of covered charges.

- If the Employee or Pensioner's spouse **is not eligible for and, therefore, is not enrolled** in the health care plan where he or she works or is collecting a pension benefit, or any other health care plan, and is not receiving a cash benefit in lieu of health care from the employer or former employer, the State will pay for benefits as provided under the Employee or Pensioner's selected State health care plan.

How to Determine When Spouse is NOT required to Enroll in Their Own Employer's Active or Retiree Health Plan or Marketplace Coverage

Generally, the Employee or Pensioner's Spouse does not need to be enrolled in the health care plan where he or she works or is collecting a pension benefit, or in an individual health plan through the Health Insurance Marketplace, if ONE of the following reasons apply:

- The Employee or Pensioner's spouse does not work full-time or is not collecting a pension benefit; or

- The Employee or Pensioner's spouse is not eligible for benefits under the employer's health care plan because the spouse has not satisfied his or her employer's requirements as to the number of hours worked or has not satisfied his or her employer's requirements to be eligible for retiree health benefits; or

- The Employee or Pensioner's spouse's employer requires a contribution from the employee or former employee of more than 50% of the premium for the lowest active or retiree health benefit plan available through his or her own employer; or

- The Employee or Pensioner's spouse's employer does not offer active or retiree health coverage; or.

- The Employee or Pensioner's spouse's employer does not offer a cash benefit in lieu of health coverage.

How to Determine if a Spouse Works Full-time

Based on the State's rule regarding full-time status, *Full-time* means that an individual works 30 or more hours per week.

However, if a spouse works less than the full-time hours required by his or her own employer **and** such spouse receives less than the full-time contribution towards health care coverage, then the spouse is considered part-time even though he or she works more than the 30 hours per week required by the State. Under these circumstances, the spouse is not required to obtain coverage through his or her employer.

For example:
A State employee's spouse works for an employer who requires 40 hours per week to be considered a full-time employee and employer contributes $200 towards health care coverage for each full-time employee. The spouse only works 32 hours per week and the spouse's employer contributes $160 towards his or her health care coverage. Since the spouse works less than the required number of hours and receives less than the full-time employer contribution, the spouse is considered part-time.

How to Determine the 50% Contribution Requirement

When determining contributions made by the employee towards his or her health care coverage, all flexible benefit dollars, cash in lieu of health benefits, and/or credits available to the spouse are counted as contributions provided by the spouse's employer. If the employee contribution is 50% or less for the lowest employee only benefit plan available through the spouse's employer, it is necessary for the spouse to enroll in his or her own employer's plan. In the case of cash in lieu of benefits, if the employee is receiving contributions that are equal to 50% or more of the premium of the State of Delaware Group Health Insurance Program's lowest employee only benefit plan for active and non-Medicare retirees or are equal to 50% or more of the premium of the Medicare supplement plan for Medicare eligible spouses, it is necessary for the spouse to enroll in his or her own employer's plan, or an individual plan. If the employee is receiving contributions that are less than 50% of the premium of the State of Delaware Group Health Insurance Program's lowest employee only benefit plan for active and non-Medicare retirees or are less than 50% of the premium of the Medicare supplement plan for Medicare eligible spouses, it is not necessary for the spouse to enroll in his or her own employer's plan, or an individual health plan.

What Happens When There is no Open Enrollment Period for the Spouse

Sometimes a spouse may be unable to enroll in his or her own employer's active or retiree health care plan because there will be no Open Enrollment Period consistent with a new enrollment. In such cases, health care benefits will be provided under the Employee or Pensioner's selected State health care plan until the next Open Enrollment Period for the spouse's employer plan.

If the spouse is not enrolled in his or her own employer's active or retiree health care plan by the effective date associated with their next Open Enrollment period, the State will pay benefits at 20% of the allowable charges for services covered under the Employee's selected State health care plan, until such time that the spouse obtains employer coverage.

What Happens When the Spouse's Employer Only Offers an HMO Program

Some employers may only offer an HMO program and the spouse may live outside of the HMO program service area. In such instances, it is not necessary that the spouse enroll under his or her own employer's plan. However, the State will evaluate the spouse's enrollment under the employer's health care plan on an annual basis. If, in the judgment of the State, the spouse's employer offers only an HMO program to avoid covering spouses of State employee, then the State reserves the right to pay benefits at 20% of the allowable charge for services covered under the Employee's selected State health care plan.

What Happens When the Spouse's Employer Only Offers a High Deductible Health Plan with Health Savings Account

Some employers may only offer a High Deductible Health plan with Health Savings Account. In such instances, the spouse must still enroll in the employer's health care plan when required by the Spousal Coordination of Benefits Policy and should carefully review IRS Revenue-Ruling 2005-25 regarding enrollment in any other health plan and the impact on Health Savings Account contributions and taxation.

What Happens When a Spouse who is Retired, with or without Retiree Health Care from their Former Employer, Returns to Full-Time Employment

As active employee coverage is generally primary to retiree coverage, when a spouse who is retired from an employer, other than the State, returns to the workforce as a full-time employee, the spouse should obtain health care coverage through the full-time employer if the employee contributes 50% or less to the premium of the lowest employee only health care plan. Please note: the spouse must also maintain any available retiree health care coverage from their former employer for the period when the employee is retired and/or the spouse leaves full-time employment.

What Happens When the Spouse's Former Employer offers only a Medicare Advantage Plan for Medicare Eligible Retirees

If the spouse's former employer offers only a Medicare Advantage Plan for its Medicare retirees, the spouse must enroll in that plan if the employee must contribute 50% or less to the premium for the plan. Medicare Advantage Plans do not coordinate with other Medicare supplement plans; therefore, the spouse cannot be enrolled in the State's Medicare supplement plan. If the former employer's retiree plan should change from a Medicare Advantage plan to a Medicare supplement plan, the spouse must enroll in the supplement coverage with their former employer.

At that time, the pensioner should contact the Office of Pensions if he or she wishes to also enroll the spouse in the State's Medicare supplement plan with or without prescription as the plan to be billed after the former employer plan.

What Happens When the Spouse is a Participating Group Employee

Participating Groups are organizations with employees who are not State of Delaware employees, but who are eligible to receive health care coverage under the State of Delaware Group Health Insurance Program.

When a benefit eligible Participating Group Employee is married to a State of Delaware employee enrolled in the State's Group Health Insurance Program, the spouse must elect coverage through the Participating Group employer. Neither member can be enrolled in more than one State Group Health Insurance plan. Both members must enroll in separate coverage with his or her own employer.

NOTE:
Benefits for dependent children are paid according to the provisions described in Coordination of Benefits when dependent children are covered under one of the State's health care plans as well as another health care plan. Eligible dependents may not be enrolled more than once under the State Group Health Insurance Plan and can be enrolled under either parent unless the parents cannot agree in which case enrollment shall meet the requirements of Eligibility and Enrollment Rules 2.02 and 2.03.

You may access https://de.gov/statewidebenefits for examples that will help you determine when a spouse should be enrolled in his or her own employer's or former employer's health care plan.

Policy Effective Date 1/1/93

Policy Modified Effective 7/1/11

Policy Modified Effective 5/1/15

Policy Modified Effective 5/1/16

Policy Modified Effective 5/1/18