

Office of Employee  
Benefits

Administrative  
Manual



## RETROACTIVE ELIGIBILITY ADJUSTMENTS

707

EFFECTIVE DATE: SEPTEMBER 1, 2003

REVISION DATE: SEPTEMBER 1, 2017

PURPOSE: To define requirements and limitations for processing retroactive eligibility adjustments.

SCOPE: All retroactive eligibility adjustments made by a U.T. System Institution Benefits Office

STATUTORY AND ADMINISTRATIVE REFERENCES:  
Texas Insurance Code, Chapter 1601

### 1.0 BACKGROUND & CONSIDERATIONS

Institution HR and Benefits Offices should establish procedures designed to limit retroactive eligibility changes whenever possible. Retroactive terminations, in particular, create complications with premium billing and claims processing as well as potentially significant negative financial consequences for both the plan and affected participants. When considering a retroactive termination, claims history must be reviewed prior to making any eligibility changes. In the absence of extenuating circumstances, coverage should generally be left in place for any eligibility periods in which claims have already been paid. If necessary, institutions should contact the U.T. System Office of Employee Benefits (OEB) for assistance with resolving situations where claims have been paid but out-of-pocket premiums have not.

### 2.0 SPECIAL SITUATIONS

#### 2.1 Faculty with Nine-Month Appointments

Certain faculty employees with nine-month appointments may maintain coverage through the summer months because they are expected to return in the fall on a continuing appointment. In the event they do not actually return with a benefits-eligible appointment in the fall, coverage should be terminated at the end of the month in which it is determined that the faculty member will not be returning (generally August). In other words, the faculty member's coverage should not be retroactively terminated back to the end of the spring academic semester due to the faculty member not returning with a benefits-eligible appointment in the new plan year, regardless of the reason why the faculty member will not be returning.

#### 2.2 Participants in the UT SELECT Part D Plan

Due to federal requirements, coverage in the UT SELECT Part D plan cannot be retroactively terminated. Once a notice of termination due to non-payment has been sent

from OEB to CMS, there is a notification requirement to the participant and coverage will not be terminated until the required amount of time has passed from the date of that notice. This means it is especially important to make prompt eligibility updates for Medicare-eligible retirees and surviving spouses who do not make timely payments for any out-of-pocket premiums due for their UT SELECT Medical coverage.

When a retroactive termination date is added to SGELIG for a Medicare-eligible retiree spouse, retiree dependent, or surviving spouse/dependent with UT SELECT Medical coverage, the participant's UT SELECT Part D coverage cannot legally be terminated until at least the first of the following month. If the termination is not entered into SGELIG by the 5<sup>th</sup> of the month, coverage will most likely remain in place for an additional month beyond that.

For example, a retroactive termination entered into SGELIG on February 10 would result in UT SELECT Part D coverage remaining in place all the way until April 1. This is because of the timeline around OEB notifying CMS of the termination and the subsequent time that must be allowed for the required notice to the participant. Had the termination been entered on February 5 or earlier in February, the UT SELECT Part D coverage could generally be terminated as of March 1.

### **3.0 THE 90-DAY RETROACTIVE ADJUSTMENT WINDOW**

It is OEB's policy to permit an institution, at its own initiative, to make retroactive adjustments to a participant's eligibility for a period of three months immediately preceding the current coverage month. This period is referred to as the 90-day retroactive adjustment window.

All related premiums for the coverage periods affected will be adjusted based on the updated information. All vendor contracts with OEB include a clause allowing for fee adjustments to be made only for changes occurring within the 90-day window.

### **4.0 AUTHORIZATION FOR RETROACTIVE ELIGIBILITY ADJUSTMENT OUTSIDE OF THE 90-DAY WINDOW**

Any request from an institution for a retroactive eligibility adjustment that occurs outside of the 90-day retroactive adjustment window must be approved by OEB to ensure that the proposed change does not present a risk of financial exposure to the Plan.

### **5.0 PROCESS FOR APPROVAL/DENIAL OF RETROACTIVE ELIGIBILITY ADJUSTMENT REQUEST**

- a. The request to OEB must be made in writing by the institution benefit staff requesting the change, and must include:
  - 1) the basis for the request;
  - 2) any available evaluation of eligibility as reported to OEB on SGELIG;
  - 3) any available evaluation of premium remittance to OEB as documented on IFIS; and
  - 4) any available information accumulating from the Member Issue Data Base maintained by OEB.

- b. All available facts will be considered in determining whether to approve or deny the request.
- c. The approval or denial of the request will be communicated by OEB to each of the following parties, as applicable:
  - 1) U.T. component institution representative;
  - 2) OEB Financial Analyst;
  - 3) OEB I/S for SGELIG modification; and
  - 4) OEB Benefit Coordinator.

#### **4.0 ADDITIONAL DOCUMENTATION SUGGESTED**

- a. All correspondence or e-mails distributed to any parties detailing the action plan (could include communication piece to the Plan administrator)
- b. Premium Billing Adjustment (if warranted)
- c. Vendor Self Bill Adjustment (if warranted)

#### **5.0 DISTRIBUTION OF DOCUMENTATION**

- a. Attach e-mail/VSB Adjustment to the monthly Vendor Self Bill document