

Hot Off The Press

Automated Cancellation (Reduction) of Insurance coverage due to unpaid premium balances. (System: Insurance Billing)

Background

This automatic option is available to all workstations. Workstations wanting to start or stop this process can contact the System Human Resources Office at 979-458-6160 or email bpphelp@tamu.edu. Current procedure documentation can be found on pages 11-12 at <http://tamus.edu/offices/shro/hr/bpm/570.pdf> where the insurance billing process is discussed. These cancellation procedures may apply to others besides retirees, like LWOP persons.

For past-due-balances greater than 45 days old, a person's medical coverage will be automatically reduced as follows:

- 1) If they are in plan 1, with carrier 01; => Reduced to plan 4 with carrier 01 employee only, or
- 2) If they are in plan 3 or 4 with carrier 01 and have dependent coverage; => Reduced to employee only coverage.

All other insurance coverages will be cancelled if there is an outstanding balance for that item. Related coverages will be cancelled if there exists a policy requirement for a primary coverage to be in effect for the secondary coverage to stay in effect (i.e. OL and DL).

Implementation

Effective May 10, 2006, the current process that identifies / reports individuals with past due balances greater than 45 days will select this same set of individuals for inclusion in the new process. The information used to build the current BP7512 report "Insurance Coverage Cancellations for Due Date MM/DD/YYYY" will be screened for the workstations participating in the automated cancellation process. The minimum balance for the cancellation or change to take place is a total balance of \$5.01 or more.

The affected coverage levels will be reported in a new report, BP7513N, "Employees With Cancelled/Reduced(*) Coverage". The report will list the old and new values for every coverage changed or cancelled (see sample below). The "Old" line will show the value of the codes and payment amounts before cancellation. The "New" line will show the value of the codes and payment amounts after cancellation. The end result of the automated cancellation should be the same as if the changes were made manually on Screen 106.

If a person's coverage is reduced or cancelled, his/her dependents with the same insurance coverage will be turned off. Dependent DL (dependent life), LTC (long term care), MED (medical), DEN (dental) and/or VIS (vision) will be affected if the primary person's coverage is reduced or cancelled.

On the new BP7513N report there are common date fields showing the Start date of coverage, the Due date of premium payment, the most recent Change date and the Stop date of coverage. The automated process will set the change date to the same date as the premium due date. If there is a cancellation, the stop date is set to the prior month end as calculated from the premium due date. In the example below, for Johnas M Public, the Dental coverage is cancelled with a Change date of 4/1/2006 and a Stop date of 3/31/2006. At the far right of the new report, the column labeled "Reduce" will contain an asterisk(*) if the coverage level or family level was reduced.

Date: 04/25/2006 THE TEXAS A&M UNIVERSITY SYSTEM PAGE: 1 R
 BILL0005 BP7513N - 01 BUDGET/PAYROLL/PERSONNEL SYSTEM
 Employees with cancelled/reduced(*) coverage
 You may need to adjust past bills / receipts

Name	UIN	Ins	D P P C F	Cover	Deduct	Payment	Start	Due	Change	Stop	Reduce
			e t l a a	Amount	Amount	Amount	Date	Date	Date	Date	
			d y n r m								
JOHN Q PUBLIC	123001234	# # # # #	# # # # #	EMPLOYEE # # #							
		Old	MED R 2 1 01 S		156.34	483.81	09011999	02012006	11012005	99999999	
		New	MED R 2 4 01 E			326.00	09011999	02012006	02012006	99999999	*
TOTAL DUE:				208.36							
MED DUE:				208.36							
JOHNAS M PUBLIC	123001235	# # # # #	# # # # #	EMPLOYEE # # #							
		Old	MED 2 2 1 01 E		14.07	341.56	09011996	04012006	11012005	99999999	
		New	MED 2 2 4 01 E			326.00	09011996	04012006	04012006	99999999	*
		Old	DEN 2 N 1 01 S		58.20		09011996	04012006	09011997	99999999	
		New	DEN N N 1 01 S				09011996	04012006	04012006	03312006	
		Old	OL 2	65000	31.20		09011996	04012006	11012004	99999999	
		New	OL N	65000			09011996	04012006	04012006	03312006	
		Old	LTD 2 N		10.87		09011996	04012006	09011996	99999999	
		New	LTD N N				09011996	04012006	04012006	03312006	
		Old	LTCE 2	120	56.82		09011999	04012006	09012003	99999999	
		New	LTCE N				09011999	04012006	04012006	03312006	
		Old	LTCS 2	100	86.04		10011999	04012006	09012003	99999999	
		New	LTCS N				10011999	04012006	04012006	03312006	
TOTAL DUE:				80.00							
BL DUE:				10.00							
MED DUE:				10.00							
DEN DUE:				10.00							
OL DUE:				10.00							
LTD DUE:				10.00							
DL DUE:				10.00							
LTCE DUE:				10.00							
LTCS DUE:				10.00							

The total and individual coverage past due amounts will be listed below the changed insurance coverages.



Both invoices and receipts must be adjusted for those enrollees whose coverage has been reduced or cancelled, even when those cancellations or reductions result from the automatic process.

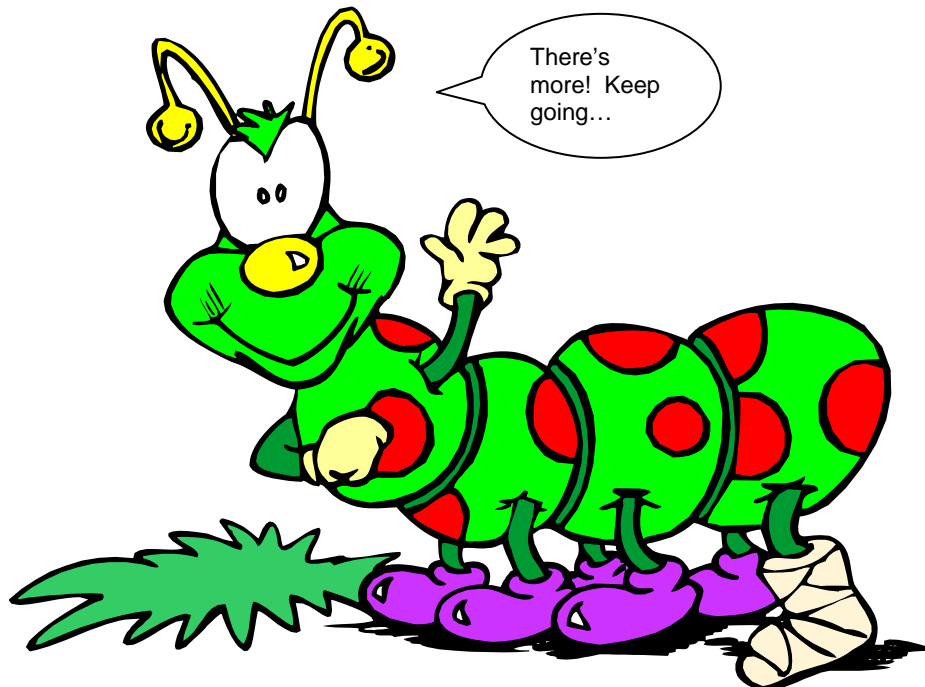
Premium amounts for coverage cancelled must be corrected on all invoices going back to the new **stop** date. Premium amounts for coverage reduced must be corrected on all invoices going back to the new **change** date. Using the Bill Request screen (641), adjust both the bill amount and SGIP amounts, when applicable. For any receipts applied to the bills, use the Receipt Entry screen (642) to change the amounts paid for the cancelled or reduced coverage. Redistribute the payment to other coverages if possible. If no other coverages exist, a refund needs to be issued.

For example, the sample report displayed on page 2, shows cancellation of Dental, OL, LTD, LTCE, and LTCS coverages, with stop dates of 3/31/2006. It also shows reduction in Medical coverage from Employee & Spouse on plan 1 to Employee Only on plan 4. Bills for April and May coverage need to be corrected.

Example 1 on page 4, shows screen 641 for the bill for April coverage before and after corrections were made. Notice the corrections were to zero the affected premium amounts and adjust the SGIP amount for Medical.

Example 2 on page 5, shows screen 642 for the receipt applied to the bill for April coverage before and after adjustments were made. Notice the original receipt was for \$10 applied to medical. Since only whole premium amounts are considered not past due, and premiums for all the other coverages are more than the \$10 payment, applying the payment to another insurance coverage would not avoid cancellation. This receipt was zeroed out and a refund needs to be issued.

This person's bill for May coverage and any receipt applied to it should be corrected in a similar fashion.



Example 1: Corrections to Invoice
Due to Reduction in Medical
And Cancellation of Other Coverages

**Screen 641 BEFORE Changes for
Cancellation of April Coverages**

```

641,TAMUS B/P/P System - Bill Request Screen                                05/09/06 08:19
                                                                              D BPP0002 R004

Screen: ____      Function:  _  (Blank=Inquire, N=New, A=Add, C=Correct, E=End)

UIN  123456789          Invoice  1234567      WS  D
Name  JOHNAS M. PUBLIC

Due Date          Total      Coverage   MED Carr   DEN Carr   Status
04 01 2006        257.20    04 2006   01         01

      BL          MED          DEN          VIS          OL          DL          ADD          LTD
Bill
                14.07        58.20
                                               31.20
                                               LTCE:      56.82      LTCS:      86.04

Employer
  2.85      341.56

Comment:
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
      Help          Exit  Main
Re-Print: N
  
```

**Screen 641 AFTER Changes for
Cancellation of April Coverages**

```

641,TAMUS B/P/P System - Bill Request Screen                                05/09/06 08:19
                                                                              D BPP0002 R004

Screen: ____      Function:  _  (Blank=Inquire, N=New, A=Add, C=Correct, E=End)

UIN  123456789          Invoice  1234567      WS  D
Name  JOHNAS M. PUBLIC

Due Date          Total      Coverage   MED Carr   DEN Carr   Status
04 01 2006        326.00    04 2006   01         01

      BL          MED          DEN          VIS          OL          DL          ADD          LTD
Bill
                                               LTCE:      56.82      LTCS:      86.04

Employer
  2.85      326.00

Comment: DUE TO AUTO REDUCTION/CANCEL COVERAGES
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
      Help          Exit  Main
Re-Print: y
  
```

Example 2: Adjustments to Receipt
Due to Reduction in Medical
And Cancellation of Other Coverages

**Screen 642 BEFORE Changes for
Cancellation of April Coverages**

```

642 TAMUS B/P/P System - Receipt Entry Screen                                05/09/06 09:15
                                                                              D BPP0002 R004
1067 Invalid SSN/UIN must be 9 digits
Screen: ____ Function: _ (Blank=Inquire, N=New, A=Add, C=Correct, E=End)

UIN 123456789 Invoice 1234567 WS Batch Number Batch Total
Name
Check Number Total Date
10.00 04 05 2006
BL MED DEN VIS OL DL ADD LTD
10.00
LTCE: LTCS:

Comment:
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
Help Exit Main

```

**Screen 642 AFTER Changes for
Cancellation of April Coverages**

```

642 TAMUS B/P/P System - Receipt Entry Screen                                05/09/06 09:15
                                                                              D BPP0002 R004
1067 Invalid SSN/UIN must be 9 digits
Screen: ____ Function: _ (Blank=Inquire, N=New, A=Add, C=Correct, E=End)

UIN 123456789 Invoice 1234567 WS Batch Number Batch Total
Name
Check Number Total Date
xxxx 04 05 2006
BL MED DEN VIS OL DL ADD LTD
LTCE: LTCS:

Comment: DUE TO AUTO REDUCTION/CANCEL OF COVERAGE
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
Help Exit Main

```