

NEW WORKING SPOUSE RULE

Effective March 1, 2021

January 2021

To All Eligible Active Employees:

PCDC understands that many employers are offering financial incentives to spouses to opt out of their group health plan by charging a premium for coverage or offering a bonus for not taking it. This means that those employers are shifting their costs to the Parent Child Development Center's Group Health Plan (Plan) because it only requires the participant to pay a percentage of the total cost for dependent coverage. This has a direct affect of increasing the PCDC's Plan costs.

To reduce the cost-shifting onto our Plan, we are adopting a "Working Spouse Rule", which many other employers have already put into place. This requires a spouse to enroll in their employer's group health plan if they are eligible for coverage. Spouses who fail to enroll in their employer's group health plan, will lose coverage under the Parent Child Development Center's Group Health Plan. This rule is mandatory, not optional.

****IMPORTANT IMMEDIATE ACTION NEEDED****

It is mandatory that all married participants complete, sign, and return the enclosed Spouse Employment Data Form. The form must be completed even if your spouse is not employed, or if your spouse's employer does not provide a group health plan. Submit a completed form to HR no later than February 28, 2021.

Failure to complete and return the form in a timely manner will be considered non-compliance with the Working Spouse Rule, and your spouse's coverage will be terminated effective midnight February 28, 2021.

THE BASIC WORKING SPOUSE RULE

Note: This Rule applies to all spouses, regardless of gender, even though this notice refers to spouses using male/female pronouns.

If your spouse works full-time (30 or more hours per week) and is eligible for medical coverage through his/her employer, then your spouse is required to enroll in his/her employer's health plan. **If your spouse fails to enroll, they will not be considered an eligible dependent under the PCDC group health insurance plan.** This Rule applies on the earliest date occurring on or after March 1, 2021 that your spouse's employer's coverage would have taken effect if your spouse had enrolled (see "If Your Spouse's Plan Has an Annual Enrollment Period" on page 2 of this notice.)

EXCEPTIONS

The Working Spouse Rule will **NOT** apply if your spouse:

1. **Works fewer than 30 hours per week.** If your spouse's hours vary week to week, this exception will apply if his/her weekly hours averaged fewer than 30 over the past twelve months.

2. Has gross annual wages of *less than \$20,000*.
3. Has gross annual wages *greater than or equal to \$20,000 but less than \$35,000 and must pay more than \$265 per month* toward the cost of the least expensive health plan offered by their employer.

You are responsible for demonstrating your spouse's entitlement to a salary exception (Nos. 2 and 3 above) by submitting a letter attesting to wages and cost of coverage from your spouse's employer on company letterhead. Failure to complete, sign and return this form in a timely manner will be considered non-compliance with the Working Spouse Rule, and your spouse's coverage will be terminated effective midnight February 28, 2021.

You are required to provide accurate and timely information to HR about your spouse's employment status and benefit entitlement, and HR may verify this information, or require you to provide verification, from your spouse's employer.

IF YOUR SPOUSE IS NOT CURRENTLY ENROLLED IN HIS/HER EMPLOYER'S PLAN

- **If Your Spouse's Plan Has an Annual Enrollment Period**

~ *Employees Who Become Eligible After March 1, 2021* - This Plan will cover a newly eligible employee's working spouse until his/her spouse's open enrollment opportunity.

- **If Your Spouse's Plan Allows Enrollment at Any Time** - Some plans have automatic and special enrollment rules that allow employees to opt in at any time, although coverage will usually begin on the first day of the following month. If your spouse is eligible for a plan like that from his/her employer, they should enroll in that coverage as soon as possible so that it starts by March 1, 2021. Failure to do so will result in termination of your spouse's coverage under the PCDC Group Health Plan.

IF YOUR SPOUSE'S COVERAGE AVAILABILITY TERMINATES

If your spouse does not enroll in available employer-provided health coverage and his/her coverage under this Plan terminates because of the Working Spouse Rule, he/she can reinstate their coverage under this Plan if their employer's plan later becomes unavailable, for example, because your spouse changes jobs. You should submit a new Spouse Employment Data Form no later than 30 days after your spouse's other coverage becomes unavailable in order to reinstate his/her coverage under this Plan. The same reinstatement procedure applies to a spouse whose employment situation changes so that one of the exceptions to the Working Spouse Rule now applies.

If your spouse fails to re-enroll in this Plan within this 30-day period, his/her coverage will NOT be retroactive to the date his/her employment situation changed. Instead, their effective date will be the first day of the month following receipt of the updated Spouse Employment Data Form.

ADDITIONAL PROVISIONS AND EXCEPTIONS

1. The Working Spouse Rule only applies to your spouse's membership, not to membership for you or your children.
2. The Working Spouse Rule *applies to your spouse even if* any of the following apply:
 - The employer's plan does not have a single-only coverage option.
 - Medical coverage is an option under a cafeteria plan.
 - The employer's plan is an HMO-only plan (unless you reside more than 30 miles outside the HMO service area).

- You are an active employee and your spouse is working, even if age 65 or older. (The Working Spouse Rule applies to ALL active employees).
 - The employer offers an incentive to encourage its employees not to enroll.
3. In addition to the Exceptions on pages 1 and 2, the Working Spouse Rule *will also NOT apply* in any of the following situations:
- You are covered under the Plan's COBRA coverage.
 - Your spouse's only option for available employer-provided group health plan coverage is:
 - ~ Retiree coverage,
 - ~ COBRA coverage,
 - ~ An HMO and your residence is more than 30 miles outside the HMO service area.
 - Your spouse's employer does not provide medical or prescription drug coverage (for example, if the employer provides only a dental plan, only a health reimbursement arrangement, or only a health flexible spending account).

REMEMBER: If your spouse is covered under his/her employer's plan, then your spouse must receive their medical insurance coverage in accordance with that plan's rules. This Plan will not cover the amount of the other plan's compliance penalties, or any charges incurred because of failure to follow the other plan's rules, including failure to use HMO providers or follow the HMO's referral procedures. (This is not a new rule, and it also applies to coverage for your children when your spouse's plan is primary.)

SPOUSE EMPLOYMENT DATA FORM

ALL MARRIED PARTICIPANTS must complete and return a Spouse Employment Data Form at this time. The due date for completed forms is February 28, 2021.

Failure to complete, sign and return this form in a timely manner will be considered non-compliance with the Working Spouse Rule, and your spouse's coverage will be terminated effective midnight February 28, 2021.