

HIPAA SPECIAL ENROLLMENT RIGHTS

The Health Insurance Portability & Accountability Act, HIPAA, helps protect employees from losing coverage due to pre-existing condition clauses when they change employer or plan of coverage. This protection under HIPAA is usually utilized when an employee first becomes eligible for coverage with a new employer and provides a Certificate of Credible Coverage from the prior employer. HIPAA also requires employers to provide similar protection should the employee either lose coverage or acquire additional eligible dependents in the future. Employers that sponsor group health plans are required to provide employees with a Notice of HIPAA Special Enrollment Rights at or before the time the employees are given the opportunity to first enroll in the plan. This notice explains employee "Special Enrollment Rights" that fall under the two categories below:

- **Loss of other coverage:** Explains qualifying events and how they can request enrollment in the plan provided they do so within 30 days of the loss of that other coverage.
- **Marriage, Birth or Adoption:** Explains how the acquisition of a new dependent as a result of marriage, birth, adoption or placement for adoption qualifies an employee to enroll themselves, their spouse, and/or their newly acquired dependent(s), provided they request enrollment within 30 days after the event.

An employee must be warned that if he/she waives coverage without attesting to the presence of coverage from alternative sources, neither the employee nor his/her dependents will be eligible for coverage under the Loss of Coverage category of Special Enrollment Rights.

If you have not provided this "Notice of HIPAA Special Enrollment Rights" to your employees in the past or do not have record of doing so, we have prepared an updated version of the notice that includes an Employee Confirmation of Receipt and an Employee Declination Statement. To limit your liability exposure, we encourage clients to obtain signatures from all employees confirming receipt of the notice and a declination statement from those who decline coverage. We suggest keeping a copy of their completed forms on file. In addition, this form should be made part of your new employee benefits enrollment package. A sample of this form is attached.

If you would like an electronic version of this Notice that is personalized with your Company's name, address and phone number, please contact Fredonna Smith at 610-889-9500, extension 103 or at fredonna.smith@conestoga.biz.

The Conestoga Group is an insurance, investment and employee benefits broker and consulting firm based in Frazer, PA. Conestoga specializes in providing financial products and services to small businesses and their owner/executives and other employees. Founder and President Brad Palmer is an Investment Advisory Representative of Commonwealth Financial Network-a registered investment advisor and member firm of the NASD/SIPC. Brad can be reached at 610-889-9500, extension 101 or at brad.palmer@conestoga.biz.

NOTICE

These legislative descriptions are our interpretations of information provided to us by various legal and other resources as of 10/29/04. It is possible the information was presented incorrectly or that we have misunderstood the presentation. The purpose of this communication is to provide you with basic summary information on the subject matter and assist you in determining whether or not you may need to seek further legal or other assistance. This communication should not be construed as legal, tax, investment, or other advice and does not take into consideration any specific factors that may be unique to the reader's situation.

NOTICE OF HIPAA SPECIAL ENROLLMENT RIGHTS

As an eligible participant in «Company»'s Group Health Plan, Federal law (called HIPAA) requires that we notify you of your and your dependent's rights to enroll in the plan in the future under the plan's "Special Enrollment Provisions", as described below.

Rule #1 - Loss of Coverage: If you are declining enrollment for yourself and/or your currently eligible dependent(s) (including your spouse) because of other health insurance coverage for such individuals, and that coverage terminates due to certain qualifying reasons (i.e., exhaustion of COBRA, loss of eligibility for other coverage due to divorce, death, termination of employment or reduction in hours or because employer contributions for other non-COBRA coverage ceases) you may in the future be able to enroll yourself and/or your dependent(s) in this plan, provided that you request enrollment within 30 days after the other coverage ends.

Rule #2 – Marriage, Birth or Adoption: If you acquire a new dependent as a result of marriage, birth, adoption or placement for adoption, you may be able to enroll yourself, your spouse, and your newly acquired dependent(s), provided that you request enrollment within 30 days after the marriage, birth, adoption, or placement for adoption.

IMPORTANT WARNING

If you decline enrollment for yourself or your dependent(s) and wish to retain your rights described in Rule #1 above, you must complete the Employee Declination Statement below. You are required to state that coverage under another health plan is the reason for declining this coverage, and you must identify that coverage. If you fail to complete the Employee Declination Statement, neither you nor your dependent(s) will be entitled to the special enrollment rights described in Rule #1 above, but you will still have the special enrollment rights described in Rule #2. Without the special enrollment rights described in Rule #1, you must wait until the plan's annual open enrollment period to enroll, except in cases of marriage, birth, adoption or placement for adoption.

If you would like more information about the plan's special enrollment provisions, please refer to the plan's Summary Plan Description or feel free to contact «Name» at «Company Name, Address and Phone Number».

Employee Confirmation of Receipt of HIPAA Special Enrollment Rights

I acknowledge that I have read and understand the Notice of HIPAA Special Enrollment Rights. I understand my obligations should I experience an event in the future that falls under the Special Enrollment Provision. If I am declining coverage for myself and/or my eligible dependents I will also complete the required information on Section 2 below.

Print Name: _____

Signature: _____

Date: _____

Employee Declination Statement

I have read the "Notice of HIPAA Special Enrollment Rights", including the Important Warning section describing the requirements to decline coverage in writing if the reason I am declining coverage is because either my dependents or myself have other coverage. By signing this form, I hereby decline coverage under «Company»'s Group Health Plan for my dependents and/or myself. [If coverage is being declined for some, but not all, family members, please list here the individuals for whom coverage is being declined]:

The reason for declining coverage for my dependents and/or myself is that family members and/or myself for whom coverage is being declined have coverage under another group health plan or other health insurance coverage. [Please specify here the name(s) of the other coverage you have, and your subscriber number(s):

I also understand if I decline coverage for my dependents and/or myself and do not have other insurance coverage noted above I will not be entitled to the special enrollment rights described in Rule #1, but may still have the special enrollment rights described in Rule #2. Without the special enrollment rights described in Rule #1, I must wait until the plan's annual open enrollment period to enroll except in cases of marriage, birth, adoption or placement for adoption.

Print Name: _____

Signature: _____

Date: _____