



**New Mexico
Public Schools
Insurance
Authority**

**New Mexico School Boards Association
2023 Board Member Institute
February 4, 2023**

Avoiding Costly Employer Health Benefits Enrollment Errors

Session Learning Objectives:

- Understand the impact of employer health benefits enrollment errors
- Recognize deficiencies in controls that should be implemented to avoid occurrences
- Explain the importance of rule compliance and training that is designed to avoid these types of errors
- Identify employer health benefit enrollment training resources that are available to the school district through NMPSIA and Erisa (NMPSIA's Third Party Administrator)

Today's Session Abstract

An employee has advised the school district that an employer health benefits enrollment error has led to denied medical claims. Human Resources, Payroll, and/or Benefits staff have not followed the proper protocols or rules of enrollment. The potential impact to the district: required to pay medical claims that could range from \$100,000 to over \$1,000,000. This could have been avoided.

Case Study

A new hire employee enrolled in a family medical plan timely with all required supportive documentation. Sometime during her employment, she was approved for a leave of absence (LOA) due to pregnancy and she continued her medical coverage. **Shortly after her LOA commenced, the district reported a reduction in hours worked per week and she was no longer eligible for any benefits, all coverage ended before she enrolled the newborns.**

She delivered two premature baby girls. Baby girl #1 was hospitalized in neonatal intensive care (NICU) for 44 days and baby girl #2 was hospitalized in NICU for 65 days.

Rule for this Qualifying Event:

- The employee must complete the NMPSIA Change Card (along with proof of birth) and submit to the district's benefits department within 31 calendar days from newborn's date of birth to commence eligibility on the date of birth.
- For children born into a family plan, eligibility will commence on the date of birth so long as the employee completes the NMPSIA Change Card (along with proof of birth) and submits to the district's benefits department even if this process is completed after 31 calendar days from the date of birth, **so long as benefits enrollment is continued.**

Consequences of Not Reporting Timely

Medical Claims for the Newborns:

- Baby girl #1 incurred \$275,300 of allowable billed charges
- Baby girl #2 incurred \$413,254 of allowable billed charges
- **\$688,553 of allowable billed charges were paid by the medical carrier**
- Due to the high dollar claim amounts, the claims were audited and the medical carrier confirmed that neither of the babies had been added to the plan and all \$688,553 in paid claims were retracted and **the total billed amount for services was charged to the employee that totaled just over \$1,000,000**

The employee claimed that, at no time when the employee requested and was approved for LOA, she was not offered Family Medical Leave (FMLA), not advised to add the newborns and terminated medical benefits prematurely.

She is now seeking damages and payment, for services incurred for the newborns along with violations under the Family Medical Leave Act and premature termination of medical coverage, from her former school district.

How This Could Have Been Avoided

Review and Follow School Policies and Procedures:

- Confirm policies address applicable laws that affect employee benefits enrollment
- Confirm NMPSIA Rules of Enrollment are part of school policies
- Incorporate LOA policies and procedures that outline multiple types of LOA and how benefits, payroll and benefit premium payments are affected
- Create an LOA checklist to confirm each step is executed by the district and employee

Recommendations for this Case:

- When the employee requested LOA for her own health condition, FMLA should have been offered and/or the school should have automatically put her on FMLA and advised the benefits and payroll department immediately for next steps of FMLA
- Knowing about her reason for FMLA should have prompted the benefits department to provide a NMPSIA Change Card and advised the employee to complete the form, provide proof of birth as soon as the babies were born and return to the benefits department
- Payroll would have advised of any leave to be used during FMLA and/or how to pay for her portion of benefits premiums during FMLA and/or leave without pay

Importance of Policy and Rule Compliance

Reviewing, creating and updating policies and processes quarterly or semi-annually will instill the importance of these guidelines

Ensure All LOA, Benefits and Payroll Personnel are Properly Trained:

- Require key staff to attend monthly and annual Benefits trainings
- Establish seasonal in-service training for these staff positions
- Ensure new staff in these positions are properly trained before they begin their duties
- Establish internal Subject Matter Experts (SME) to assist in trainings like experienced staff
- Encourage staff to reach out to peers at other districts for new techniques and ideas

NMPSIA Employee Benefits Resources

Erisa Administrative Services - NMPSIA's Employee Benefits Third Party Administrator:

- Enforce NMPSIA's Rules and Regulations for employee benefits enrollment
- Process all Online and paper employee benefits enrollment requests
- Administer COBRA Continuation Coverage
- Administer Retiree Life Continuation
- Create and send employee benefits enrollment eligibility files weekly
- Create monthly premium billing
- Record monthly premium payments
- Provide group and individual school training

NMPSIA:

- Our website <https://nmpsia.com/> with a surplus of information such as the NMPSIA Rules and Regulations, an Employers section that includes Monthly Topic Trainings along with how to videos and presentations
- Offers annual regional benefits trainings, new Hire Trainings, large group and individual training
- Martha Quintana with over 30 years of NMPSIA eligibility, enrollment, premium billing, premium reconciliation, benefit offerings, benefit plan designs, benefit continuation, and much more

NMPSIA

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