



**MONTANA MUNICIPAL INTERLOCAL AUTHORITY**

**PO Box 6669**

**Helena, MT 59604-6669**

## **RISK MANAGEMENT BULLETIN**

Please distribute to all appropriate personnel and post in a conspicuous place.

**Date: September 28, 2022**

**RM Bulletin #01-23**

**To: MMIA Employee Benefits Members**

**From: MMIA Employee Benefits Staff**

**RE: Important Timelines and Associated Risk Factors**

### **The Heart of the Matter**

Accuracy and timeliness are critically important when it comes to Employee Benefit group elections, enrollments, changes, and terminations. If not followed properly, the potential result is a domino effect of increasing risk for MMIA, individual cities/towns and even individual participants.

### **The View from 30,000 Feet. The Big Picture**

As a self-funded employee benefits pool, MMIA is the big piggy bank. Cities and towns provide funds from their piggy banks to the greater MMIA piggy bank so MMIA can provide medical, dental and vision coverage for all eligible employees. To protect the piggy bank, MMIA purchases reinsurance from a stop-loss carrier. The stop-loss carrier is an even bigger separate piggy bank designed as a back-up to the MMIA piggy bank, and springs to action when an individual's claims exceed a high dollar threshold (\$275K). This reduces liability so MMIA doesn't have to break their piggy bank, or the member piggy bank, to pay for high dollar claims and keep rates down. Remember: lower claims expenses = lower rates.

### **A Case of the What If's ...**

What if the member benefit contact thought the timeline to enroll a new employee was 31 days after they were eligible for benefits instead of 31 days after hire and it has now been 60+ days since the date of hire? If the rules are followed as written, the employee and any dependents are not eligible for benefits until the next Open Enrollment period or a qualifying event. What if the enrollment rule is disregarded to allow them to enroll past the date specified in plan documents?

Further, what if the employee is in an unfortunate car accident a few months later. The accident requires a long hospital stay with multiple surgeries and the accumulating medical costs trigger stop-loss. As part of their due diligence process, the stop-loss carrier requests extensive documentation from MMIA and the employer city/town for the employee to ensure they will cover the extra costs. Their investigation reveals the enrollment exception contrary to program enrollment guidelines, and they deny the claim on that basis.



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### **Potential Ramifications**

So, what happens with all the extra costs that should have been covered under the stop-loss coverage in this hypothetical scenario? Does MMIA absorb those costs and need to increase rates considerably for all members the following year as a result? Does the city/town that didn't follow the rule shoulder the entire cost because of the error, placing their already tight budget in financial hardship? Neither are favorable options, each carrying their own devastating effects.

In addition, the stop-loss carrier may look at the errors as an indication of a larger issue with covering MMIA members and significantly increases their rate to the pool for the next fiscal year, thus further increasing member rates.

Or what if the coverage was not allowed for the family since the deadline had passed? Think of the additional financial and emotional stress placed upon them as they must purchase coverage on the market until the next Open Enrollment period.

### **Action Steps to Reduce Risk**

#### **Inform yourself!**

Attached to this bulletin is a succinct, condensed document with important information and timelines for both group elections and enrollment/termination rules and guidelines. Print this page and have it posted in appropriate places in your office to use as a quick reference guide.

The MMIA handbook is an exceptional resource that describes these same guidelines in further detail and has a great deal of additional helpful information to consult with any questions that arise. It lives here:

[www.mmiaeb.net/employers](http://www.mmiaeb.net/employers)

**Contact the MMIA Employee Benefits team at 800-635-3089 option 4 or at [ebgroup@mmia.net](mailto:ebgroup@mmia.net)**

The MMIA EB crew seriously loves talking benefits and any of these specific issues. Be sure to contact us as soon as possible since these issues are time sensitive. If it's too late after an event, program guidelines may force an unwanted and preventable scenario.

#### **Improve internal processes/procedures to comply with these rules and guidelines**

Review procedure documents to ensure safeguards are in place to accurately complete these tasks within the appropriate window of time. We don't want any employee going without the coverage their family needs.

If you haven't done so already, create a new hire packet with a checklist and timeline for the employee to get all necessary steps and documents completed. The MMIA Human Resource Consultant is a great resource to review or help create these packets/checklists. You can reach them at [HR@mmia.net](mailto:HR@mmia.net) and (406) 495-7017.