



## ONLINE OPEN ENROLLMENT: A SUCCESSFUL PROCESS GETTING BETTER

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Open enrollment will soon be here, and like last year it will be a paperless, online enrollment process. Even though last year was our rookie season, online enrollment proved to be an efficient and useful tool, saving time and money. In fact, not only did we avoid over \$120,000 dollars in printing and mailing costs, but we had the lowest number of enrollment errors in four years.

Employees navigated the online environment with few incidents, and the concerns employees expressed were primarily about Internet access and access to the enrollment "packet" of information. We are dedicated to making the system and process even more user-friendly and more efficient, getting enrollment materials online sooner and in simple, printable versions, and we will again work with departments and community colleges to provide Internet access to those employees who do not yet have it.

The following questions and answers are designed to help you feel well prepared for the online process. The specifics about next year's plans will be detailed in the next *HealthLine*, which will be published in early September.

### **What are my options if I do not have Internet access at home or at work?**

As they did last year, many departments will be making computers available or setting up computer kiosks, where their employees can not only enroll but also get guidance. For many this may prove the easiest way for employees to gain access. Contact your department's human resources and benefits personnel to find out what options they are considering for their employees who do not have computers or Internet access. Remember, don't wait until the last minute. One of the biggest complaints from last year was the long wait at these available computers on the last days of open enrollment. Yet many computers remained relatively unused during the first part of enrollment.

### **Are there any other options?**

We are again working with the community colleges to provide time and access to computers during open enrollment. As we did last year, we will include a list of these locations with the open enrollment instruction letter. Public libraries are also a good place to find Internet access. You may also want to ask friends and family members who have computers and Internet access if you can use their computers. Again, if you know that you may have access difficulties, do not wait until the last minute to conduct your enrollment. Please try to identify your options as early as possible.

### **When is open enrollment and when will I get my instruction letter?**

Open enrollment begins around the third week in October. A letter of instructions and a statement of current benefits will be mailed to your home address approximately 10 days prior to open enrollment. Please make sure your department's payroll office has your current address. This is the address where we will mail your instructions. Please keep these instructions for use during open enrollment.

### **Will I also get an open enrollment packet mailed to my home?**

No. Open enrollment packets will NOT be printed and mailed. Rather, detailed plan information and the Colorado Health Plan Description Form, which provides a side-by-side comparison of the plans, will be online at [www.colorado.gov/dpa/dhr](http://www.colorado.gov/dpa/dhr) about a month prior to open enrollment. This online "packet" will include the same kind of information sent by mail in the past. Documents will be posted in printable versions for those of you who would like paper copies. The key to being prepared for open enrollment is taking the time to learn about your choices and knowing which option is best for you and your family.

# KNOWING THE LAW AND RULES AROUND IRREVOCABILITY AND QUALIFYING EVENTS

Almost without exception, the most challenging issue for state employee benefits professionals is explaining to employees the issue of irrevocability and what constitutes a qualifying event that allows an employee to make mid-year changes to benefits elections. The benefits choices employees make during open enrollment are **irrevocable – meaning they cannot be changed** – unless a qualifying change of status occurs and other rules and guidelines are met.

Qualifying changes in status are broadly defined by Federal section 125 regulations:

- change in number of dependents (such as birth, adoption, placement for adoption or death of a dependent);
- change in legal marital status (such as marriage, death of spouse, divorce, legal separation or annulment);
- change in employment status (such as termination or commencement of employment of the employee, spouse or dependent);
- change in work schedule (such as an increase or decrease in the number of hours of employment by the employee, spouse or dependent, a switch between full-time and part-time status, a strike or lockout, or commencement or return from an unpaid leave of absence);
- change in the place of residence or work site of the employee, spouse or dependent; and,
- the dependent satisfies or ceases to satisfy the

requirements for unmarried dependents (such as due to attainment of age or student status).

The difficulty is, that even when such an event occurs, other guidelines must be met and the rules differ for medical plans, dental plans and pre-tax status, for flexible spending accounts, and for life insurance.

If you are expecting or adopting a child, going through a divorce, a spouse has lost coverage at his or her job, or experiencing another life event that you believe is a qualifying change in status, you should quickly contact your department's benefits administrator and find out the rules and procedures for making a mid-year change. Hardship is NOT a qualifying change in status, and an employee's inability to pay his or her premium will not allow for mid-year changes. A comprehensive eligibility matrix concerning irrevocability is available online at [www.colorado.gov/dpa/dhr/benefits](http://www.colorado.gov/dpa/dhr/benefits).

What is most important for you to understand, is that when you make your benefits elections during open enrollment, you are making elections for the entire plan year. And unless a qualifying change in status occurs and other very specific rules and guidelines are met, you cannot make mid-year changes to your elections. Therefore, it is extremely important that you carefully review your open enrollment choices, discuss your options with your spouse, seek additional guidance if necessary, and make choices you are prepared to live with for the entire plan year. And be sure to seek assistance should a potential qualifying event occur.

*Online Enrollment continued from page 1*

## **Will I have to use the online system if I am not making any changes this year?**

Just like last year, this year will be a passive open enrollment, meaning **only those employees who want to change their plans, their pre-tax/post-tax status, or reenroll or make changes to a Flexible Spending Account (FSA) will have to use the online system.** Otherwise, if you do not wish to make any changes to your 2004 benefits for the next year, you do not have to enroll during open enrollment. Your 2004 benefits will roll forward into 2005. If you do not make any changes during open enrollment you will not receive a confirmation in the mail after the open enrollment period.

## **What if I don't want to change my FSA deduction amount?**

It doesn't matter – you must reenroll using the system to continue your FSA. Any FSA election – dependent day care or health care – must be made each year. If you have an FSA and wish to continue it in the next year,

even if you don't change your deduction, you must enroll for it during open enrollment. FSAs are a valuable way to set aside pre-tax dollars to pay for your health expenses or dependent day care expenses. For more information about FSAs, go to [www.colorado.gov/dpa/dhr/benefits/index.htm](http://www.colorado.gov/dpa/dhr/benefits/index.htm).

## **Last year there was some confusion as to whether my FSA deduction on the online system was the total amount for the year or the amount I wanted deducted monthly. Will the FSA amounts I enter into the online system be my monthly deduction or my yearly deduction?**

You will enter your annual deduction amount into the system, that is the total amount you want deducted for the year. The system will then calculate your monthly amount so that you can see what your monthly deduction will be. This will be true for both the health care FSA and the dependent day care FSA.

Please see *Online Enrollment* on page 3

**Will I be able to make my life insurance and long-term disability choices online?**

Again, if you have State optional life or long-term disability (LTD) insurance and do not want to make any changes, you do not have to do anything. If you want to apply for new coverage or increase the amount of your coverage, an application is required and the forms will be available online. Because life and LTD are subject to approval by the insurance company (i.e. NOT guarantee issue), you must complete and submit to the insurance company a medical history statement. You may have to download the forms, fill them out, and mail them to the insurance company. We know this caused some confusion last year, and we are working with the insurance company to make the entire process automated online. We will let you know the outcome of these efforts.

**If I have to mail a medical history statement to the insurance company, why do I still have to enroll online?**

As mentioned above, we are working with the insurance company to automate this process. In the interim, even if we cannot achieve full automation this year, it is still very beneficial to capture the enrollment information online for both our internal administration and the administration of the underwriting process, the process by which the insurance company approves your level of coverage.

**What does "limited guarantee issue" for certain "life change events" mean?**

Guarantee issue – meaning you apply and are guaranteed the amount for which you applied – **is not available during open enrollment.** A limited amount of guarantee issue coverage is available only for new hires or when employees apply within 31 days of a "Life Change Event" as defined in the group term life insurance policy. An employee may purchase up to \$60,000 (in combination with Optional Life and AD&D already in force) for the employee, up to \$30,000 for the spouse, and up to \$10,000 for children without evidence of insurability. The 50 percent rule applies. An employee who wants \$10,000 of coverage for the children must have at least \$20,000 of Optional Life and AD&D for him or herself. To take advantage of this limited opportunity to apply for coverage on a guaranteed issue basis, the application must be submitted within 31 days of the marriage, birth or adoption. Late applications will not receive guarantee issue and will require a medical history statement.

**Can I make my life insurance beneficiary designations online?**

The employee benefits unit (EBU) anticipates creating a new Beneficiary Designation form that may be completed online, but downloaded to print for signature. Each agency will continue to maintain the beneficiary

designations for its employees. To be valid, you must sign a beneficiary designation. In the absence of a valid designation, the benefits are payable in accordance with the order of precedence in the certificate of coverage, which is the actual agreement with the insurance company and is available online at [www.colorado.gov/dpa/dhr](http://www.colorado.gov/dpa/dhr).

**Will I have to use a "company code" like last year to access the online enrollment site? When can I expect to receive this information?**

Yes, a "company code" will be required again. This code will be provided in the letter of instructions sent to your home prior to open enrollment.

**Do I have to remember my password from last year?**

No. All employees will be able to reregister this year and choose a new system password.

As with all software, version 1.0 of the State's online open enrollment process can be improved upon. During the open enrollment process last year, some challenges surfaced that we wished we had thought of earlier. Version 2.0 will certainly be better because we have learned from our experience. We will have more pop-ups at critical junctures to help employees understand their choices. We have expanded the online instructions and tried to make the flow of the system even more user-friendly. We are committed to online open enrollment and committed to improving the process each year to make it as easy and accurate as possible.

The loudest voices of dissent last year seemed to be from those who were just leery of the online process. We understand that new technology can be frustrating and intimidating. However, we also recognize that it is our duty to take advantage of new tools that help us deliver services to you more effectively. Receiving enrollment information electronically not only saves time, money and trees, but it also positions us to better serve all employees.

To approach the Internet as something to fear or as unwieldy misses out on its advantages. As with most new things, some experienced difficulties, but it would be a step backward to pay for and mail paper forms. We are moving forward to a point in the not-too-distant future when the online system will stay "on" continuously, allowing employees to access their information and make qualified changes year round.

We have chosen this path to give you more tools and information, allowing you to make more informed decisions. Online open enrollment was designed to provide ease, convenience and flexibility. Its ultimate purpose is to give you, the employees, more information to help you make better informed benefits choices.

# IMPORTANT BENEFITS INFORMATION INSIDE

## THE FIRST STEP TO A SUCCESSFUL OPEN ENROLLMENT IS BEING INFORMED!

- Learn more about the online enrollment process and how it specifically applies to life insurance and AD&D
- Understand how irrevocability could impact your elections
- Be on the lookout for the next issue of *HealthLine* for details about 2005 rates and plans

Benefits Hotline: 303-866-3434 or 1 800-719-3434

[www.colorado.gov/dpa/dhr](http://www.colorado.gov/dpa/dhr)

Email: [benefits@state.co.us](mailto:benefits@state.co.us)

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