

Automatic enrollment

Questions and Answers About Health Reform

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Overview:

The Patient Protection and Affordable Care Act (PPACA) requires employers with more than 200 full-time employees offering health coverage to automatically enroll new full-time employees in a coverage option. Employers must also automatically continue existing elections for current full-time employees from year to year.

May an employer impose a waiting period for new full-time employees who are automatically enrolled in coverage?

- Yes. Automatic enrollment is subject to any applicable waiting periods authorized by law. Waiting periods in excess of 90 days are prohibited under PPACA and large employers with waiting periods in excess of 30 days may be subject to a penalty.

May an employee opt out of coverage?

- Yes. Employees must be given adequate notice regarding automatic enrollment and the opportunity to opt out of coverage.

Do the automatic enrollment requirements apply to health plans or health insurance issuers?

- No. This requirement is applicable to employers. However, many plan sponsors may rely on their plan administrators to manage the requirement.

What is a full-time employee?

- For purposes of this section, full-time employees are employees who perform, on average, at least 30 hours of service per week.

Into what plan must a full-time employee be automatically enrolled? (For example, the plan with the lowest premium.)

- This is unclear. It is expected that regulations will clarify this issue.

How does the automatic enrollment provision impact state payroll laws?

- Any applicable state laws regarding payroll, such as permissible deductions of wages, will continue to be in effect except to the extent the state laws prohibit employers from implementing automatic enrollment.

When are the automatic enrollment provisions effective?

- This is unclear. It is expected that regulations will clarify the effective date.

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