
**Displaced Worker Medical
Benefit Program**

Operations Manual

Los Alamos National Laboratory, 2007

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DWMBP PLAN RULES

Plan Overview

The LANL Displaced Worker Medical Benefit Program (DWMBP) provides for continuation of employee Medical, Dental, and Vision plans in the event of a Reduction In Force (RIF) under terms of the National Defense Authorization Act, Sec. [3161](#). The intent of the DWMBP is to allow affected employees the option of continued group medical coverage and rates, and the enhanced protections of participation in a group insurance contract, until such time that other group coverage may become available, for a period of two years. After two years of coverage under DWMBP, continuants will then be eligible for another 18 months of coverage under provisions of the Consolidated Omnibus Reconciliation Act (COBRA).

DWMBP Benefits include a special pricing structure (see Table 1) but otherwise follow the same enrollment, de-enrollment and mid-year "[Qualifying Event](#)" change rules of standard continuation under COBRA. Continuants under DWMBP would also be eligible to change elections and/or levels of coverage once annually, during [Open Enrollment](#).

The Medical, Dental and Vision plans continued under DWMBP are compliant with terms and conditions of the Employee Retirement Income Security Act ([ERISA](#)). As ERISA compliant plans, they must comply with the reporting, disclosure and non-discrimination rules imposed by the Act. In practical terms, ERISA's primary function is to ensure non-discriminatory practices so that undue favor is not shown to any one group within the plan; and, to ensure that plan communications are complete and timely in disclosure to the covered population of employees.

To promote consistency, an exception to the plan rules should generally be granted only when it can be proven that there was a [clear administrative error](#) by the Plan Administrator. Once the plan rules are determined and adopted, the plan must be administered fairly and consistently across the employee population.

Further information and details may be found in the [LANS Health & Welfare Benefit Plan for Employees](#) , Section 12: Your Rights and Privileges Under ERISA.

Employee Eligibility

An employee is eligible for DWMBP Benefits if she is currently enrolled in LANL Benefits on the date of termination, by reason of Reduction In Force, and if that employee is not eligible for any other group Medical, Dental or Vision benefit.

If at any time a continuant under DWMBP becomes eligible for another group Medical, Dental or Vision Plan (including eligibility for Medicare, spouse's employer plan, or coverage available through a new employer), she must notify the LANL Benefits Office or the Billing & Eligibility Administrator to cancel that duplicate coverage. Only the duplicate coverage need be cancelled.

For example: a continuant may remain in Dental and Vision coverage under DWMBP, if that continuant becomes eligible for new Medical coverage through another source, but not new Dental or Vision coverage.

Dependent Eligibility

No person can be covered as both a continuant and a dependent under DWMBP. If a continuant is eligible for other group medical coverage or Medicare, but the dependents are not eligible for that coverage, the dependents may be covered under the DWMBP Plan regardless of the continuants status. No person can be covered as a dependent of more than one continuant under any given plan.

For a definition and list of types of Eligible Dependents, please refer to the [LANS Health & Welfare Benefit Plan for Employees](#), Section 2: Eligible Family Members.

Qualifying Events

Continuants through the DWMBP must still comply with applicable LANL Plan Rules. These rules require continuants to report any qualifying change in family or employment status within 31 Days of

the event. All changes to enrollment must be consistent with the qualifying event.

There are two types of qualifying events: changes in family status, and changes in employment status. Some examples include:

- [Family Status Change](#) examples include:
 - Marriage/Commencement of Domestic Partnership
 - Birth/Adoption
 - Divorce/Legal Separation
 - Court Orders, Judgments or Decrees requiring coverage of an eligible dependent
 - Change in Spouse's Employment
 - Gain/Loss of Qualified Dependent
 - Change of Address (Personal Move)

- [Employment Status Change](#) examples include:
 - Pay/Age Change
 - Leave of Absence (LOA)
 - Termination
 - Special Agreement (SPAG)
 - Relocation (Company Transfer)
 - Merger/Acquisition
 - New Hire
 - Retirement

Proof and Documentation

Proof may be required to validate any reported changes. If requested, you must supply that proof to the LANL Benefit Office or the DWMBP Billing & Eligibility Administrator. Extensions may be granted for reasonable delays, or for delays outside the control of the continuant.

When Coverage Ends

Coverage under the DWMBP for continuants and any covered dependents will end as of midnight on last day of the month following two calendar years of participation. At this time, employees will be

provided the opportunity to continue coverage under [COBRA](#) for an additional 18 months.

Coverage for employees also ends immediately on the event date if any of the following occur:

- The employee no longer meets the eligibility requirements for coverage under the DWMBP
- The employee retires and is eligible for Retiree Medical coverage
- The employee stops making contributions for coverage
- The plan is terminated

Coverage for dependents will end immediately on the event date any of the following events occur:

- The employee's eligibility or coverage ends
- Divorce, legal separation, annulment or termination of same-sex domestic partnership (affects the employee's spouse, same-sex domestic partner and/or children of domestic partner only)
- The employee's dependent child no longer meets the eligibility requirements for coverage under the plan (e.g. – limiting age is reached)
- The employee stops making contributions for coverage
- The plan is terminated

Loss of Benefits

Employees and/or their dependents may experience a reduction or loss of benefits in any of the following circumstances:

- Failure to follow the DWMBP procedures

- Failure to reimburse any covered plan under DWMBP for a claim that was paid in error; or otherwise, but was later denied
- Reimbursement for a covered expense by another similar insurance plan which is primary to any of the DWMBP plans while also receiving primary reimbursement from any DWMBP plan
- Commission of a fraudulent act including, but not limited to, the fraudulent filing of a claim for reimbursement and/or the enrollment of ineligible dependents in the plan
- The DWMBP plan is amended or terminated, but only with respect to expenses incurred after the amendment or termination becomes effective

COBRA

Any employer with twenty or more employees on more than fifty percent of the typical business days during the previous calendar year are subject to [COBRA](#) law (church and federal government plans are exempt). COBRA dictates that employers must offer benefits identical to those in effect prior to the qualifying event that cancelled their active coverage.

There are four (3) DWMBP plans eligible for COBRA continuation:

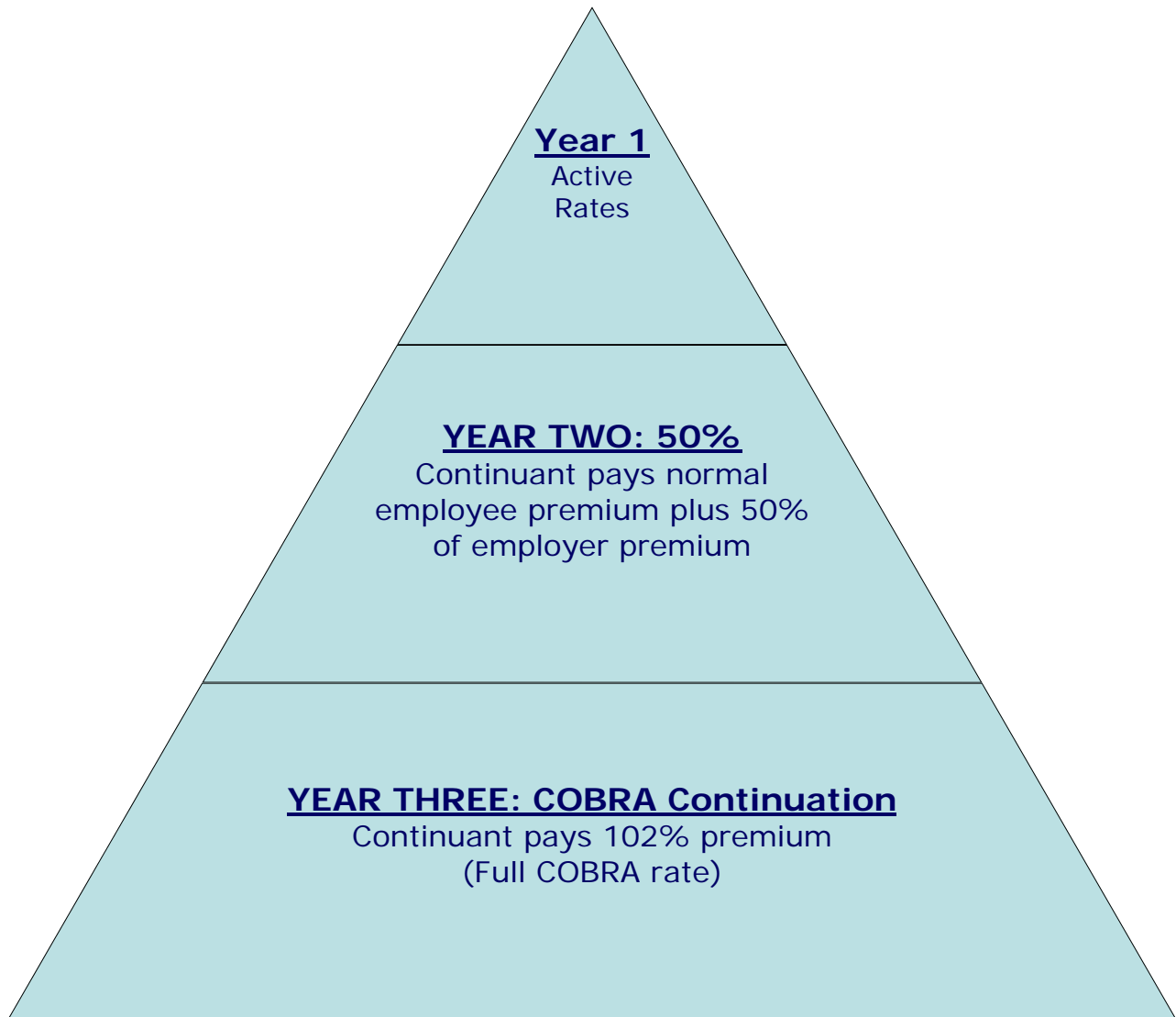
- Medical
- Dental
- Vision

Each of these plans is subject to COBRA in its own right, and each [qualified beneficiary](#) (QB) may choose any combination of the above. Each QB also has an *independent right* to elect COBRA.

COBRA rates are 102% of the full cost of the active coverage, or 150% for the period covered by a disability extension. Employees are allowed a thirty (30) day grace period to remit each month's premium.

Following two calendar years of participation in the DWMBP, continuants (and eligible dependents) will be offered the opportunity to continue benefits through COBRA.

Table 1: Displaced Worker Medical Benefit Program Costs



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Administrative Error: an error either directly or indirectly caused by the employer or its representatives that result in a loss of benefits or eligibility outside the control of the employee.

COBRA: (*Consolidated Omnibus Budget Reconciliation Act*) allows employees to continue medical, dental, and healthcare Flexible Spending Account coverage under a company's group plan, subsequent to a qualifying event such as termination of employment.

Court Orders: a *Qualified Medical Child Support Order* or *National Medical Child Support Order* is a court order applying to divorced couples. QMCSO may require a covered participant to continue claiming a child as a dependent on his/her medical plan, after a divorce or legal separation

Employment Status Change: a qualifying event that occurs within the workplace of the participating employee or a dependent that may affect employee benefits.

ERISA: *The Employee Retirement Income Security Act*, enacted in 1974, is a federal statute that provides the framework for the establishment, operation, and administration of two types of employee benefit plans: Welfare (medical, dental, disability) and Pension (retirement income). ERISA does not require employers to offer these benefits, but *if they do*, employers must meet ERISA's reporting and disclosure, nondiscrimination, and fiduciary requirements.

Family Status Change: a qualifying event that occurs outside of the participating employee or dependent's workplace that may affect employee benefits.

Open Enrollment: an annual enrollment period that allows for the election, termination, and/or modification of employer-sponsored benefits.

Qualified Beneficiary: is any individual who, on the day before a qualifying event, is covered under a group health plan by virtue of being on that day either a covered employee, the covered spouse of an employee, or a covered dependent child of an employee.

Qualifying Event: a change in family or employment status that permit an employee to make changes to pre-tax benefits outside of the initial election period and/or Open Enrollment.

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