

Waiting Periods for Health Coverage under PPACA

Q: If a small city (less than 50 Full-time employees) offers group coverage to 37 employees, and has a waiting period on health benefits of 6 months, is that legal?

A: No. While this can be confusing since PPACA doesn't require you to offer health coverage or pay the "play or pay penalties" due to your size, it would require all group plans to comply with this requirement, as well as other general requirements (i.e., pre-existing condition coverage, dependent coverage up to 26 etc., providing summary of benefits, and providing 60 day notices on any changes to plan participants).

This requirement and similar requirements aforementioned apply to all group plans regardless of size. This could mean a group plan as small as two employees is subject to the provision. A waiting period cannot exceed 90 days under PPACA. According to a November 2013 article from SHRM - "the waiting-period limitation applies to any group health plan subject to the PPACA, which includes any group health plan that covers two or more current employees. That is the only minimum-size requirement, so virtually all group health plans are included." This means any group plan offered to employees in cities and towns is subject to this provision and should amend their policy accordingly.

Note: If under the 50 FTE threshold, your city does not have to offer health insurance, nor will play or pay apply.

Sources:

<http://www.sbnonline.com/component/k2/13-national-editions/26618#.UzI-nKjEgms>

<http://www.shrm.org/hrdisciplines/benefits/articles/pages/ppaca-full-time-employees.aspx>

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