

Timing is Everything

In life, timing is everything. It's the same thing with employee benefit plans.

As an employee benefit plan sponsor, one situation that you want to avoid is dealing with 'late applicants'. Late applicants are employees who miss the deadline for joining your benefit program.

Once your initial staff is enrolled in the employee benefit plan, it's easy to forget there are timing limits to enrol people who subsequently join your company. Usually new staff must work for a period of time called the waiting period (90 days is typical), before they are eligible for benefits. Once that waiting period is over, the countdown for coverage begins. Completed employee benefit applications must be in the Plan's hands within the following 31 days.

If you miss the deadline the employee is considered a late applicant and there is a more detailed application process. The employee will have to answer questions about, or be asked to provide additional medical evidence regarding their health. If the employee is applying for family coverage a health questionnaire will need to be completed for eligible dependents. Depending on the findings, the employee could be declined for certain benefits or even coverage altogether. Even if the application is approved, the effective date of coverage has been delayed.

Late applicant status can also occur for employees who have 'waived' health or dental coverage because the spouse has benefits through another group plan. If that coverage ends (through divorce, spouse loss of job, etc), your employee has 60 days to opt back into your full plan. After that time, any request for the benefits will be considered a late application.

When a new employee joins your firm, make sure to take a look at the date. Mark your calendar for a week or so before the 90-day qualifying period ends. That will ensure you avoid the extra work – and possible disappointment – of a late application.