

DST POLICIES AND PROCEDURES

DST Reference:	SHP-POL-3008-MUL
Title:	Reinstatement Rules for Disability Suspensions
Chapter:	Operations
Current Effective Date:	January 29, 2021
Original Effective Date:	July 11, 2017

Applies to: NC Department of State Treasurer – SHP and RSD Division

Keywords: Disability Retirement Benefits, Retirement System, Employee Benefits, State Health Plan, Eligibility

Background

N.C. Gen. Stat. § 135-48.41(d) allows former employees who are receiving disability retirement benefits or disability income benefits pursuant to Article 6 of Chapter 135 of the General Statutes to be eligible for the provisions of the State Health Plan (“the Plan”) on a noncontributory or partially contributory basis. As set forth in N.C. Gen. Stat. § 135-48.41(d), eligibility for the State Health Plan is contingent on the receipt of disability benefits from the Retirement System. The failure to provide documentation to the Retirement System regarding income within the specified timeframe (statement of income) results in the suspension of disability benefits, including cancellation of health benefits under the Plan. When the member provides the requested documentation, disability benefits are reinstated, and they are reenrolled in health benefits.

Purpose

The purpose of this policy and procedure is to outline the reinstatement rules for the Plan when a disability recipient does not return the requested documentation to the Retirement System within the required timeframe, and therefore the recipient’s State Health Plan coverage is canceled by the Retirement System because the member is no longer eligible. This policy and procedure for reinstatement in the Plan applies to all disability recipients who participate in the Plan effective on or after February 12, 2021.

Policy

The Plan is responsible for administering Article 3B of Chapter 135 of the North Carolina General Statutes, including § 135-48.41(d), which allows former employees who are receiving disability retirement benefits or disability income benefits to be eligible for the benefit provisions of the Plan, and § 135-48.30, which allows the Plan to set administrative policies.

Members who have had their Plan coverage canceled by the Retirement System because requested information was not provided to the Retirement System within the required timeframe will be retroactively reinstated up to eighteen (18) months in arrears once they again meet eligibility requirements, but they may not be reinstated to the same plan design. Members who were originally enrolled in a Medicare Advantage plan will be reinstated into the 70/30 plan as retroactive enrollments into Medicare Advantage plans are not allowed by the Centers for Medicare and Medicaid. Additionally, if the reinstatement crosses plan years, enrollment in the current plan year may not be the same as the prior plan year(s). Cross-plan year enrollment will be dependent on the enrollment mapping strategy in place at the time of the reinstatement and will change from time to time. Members will be responsible for the payment of any applicable retroactive premiums owed.

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Example 1: Disabled member terminated effective 4/30/22
Reinstatement request received on 5/15/22
Disabled member reinstated effective 5/1/22

Example 2: Disabled member terminated effective 11/30/22
Reinstatement request received on 6/1/23
Disabled member re-enrolled effective 12/1/22

Nature of the Policy

This policy serves as a nonbinding interpretative statement, within the delegated authority of the Plan that defines, interprets, or explains the meaning of the laws and/or regulations listed below. Those laws or regulations, not this policy, shall take priority if they conflict in any way.

Roles and Responsibilities

The Retirement System insurance team is responsible for notifying the Plan's eligibility and enrollment vendor and operations team when the disability recipient does not return the required paperwork within the required time frame in order for Plan benefits to be canceled and when the required paperwork is received in order for Plan benefits to be reinstated.

Enforcement

The Plan Integration Team is responsible for overseeing that the cancellation and reinstatement rules are correctly applied based on the information provided by the Retirement System.

Implementation Procedure

The following items have been updated to reflect this policy:

- (1) Disability retirement letters that are sent to disability members concerning the required documentation of the member's statement of income.
- (2) Disability retirement forms.
- (3) State Retirement System website.
- (4) The call center documentation at the Retirement System, eligibility and enrollment services vendor, and other Plan vendors with call centers available to members enrolled through the Retirement System.

The following vendors will be notified of the policy:

- TPA(s) for claims and related services
- Medicare Advantage vendor(s)
- COBRA and Billing Services vendor

Related Statutes, Rules, and Policies

N.C. Gen. Stat. §§ 135-48.30; 135-48.41(d)

N.C. Gen. Stat. § 135, Article 3B, Parts 1-5.

Medicare Managed Care Manual, Chapter 2 (CMS § 60.4)

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Revision/Review History

Version	Date Approved	Description of Changes
1.0	7/11/2017	New Policy
2.0	11/4/2019	Revised to specify that members who were originally enrolled in a Medicare Advantage plan will be reinstated into the 70/30 plan as retroactive enrollments into Medicare Advantage plans are not allowed by CMS; title of policy changed
3.0	1/29/2021	Revised so that members who have Plan coverage canceled by RSD due to required information not being submitted <i>will</i> be retroactively reinstated once they again meet eligibility requirements, but may not be reinstated to the same plan design; additional information addressing reinstatements that cross plan years; added that subscribers will be responsible for paying any retroactive premiums owed; effective date of participation in the Plan in order for disability recipients to be reinstated in the Plan was updated.

For questions or clarification on any of the information contained in this policy, please contact the policy owner or designated contact point: [Senior Director, Plan Integration, Caroline.Smart@nctreasurer.com](mailto:Caroline.Smart@nctreasurer.com). For general questions about department-wide policies and procedures, contact the [DST Policy Coordinator](#).