

OPEN ENROLLMENT 101

Terms You Need to Know for 2023





General Terminology

Broker

An agent who advises employers on plan options, negotiates rates with carriers, explains plans to employers and helps strategize benefits based on the employer's goals and finances. Most carriers do not work directly with employers, so brokers are usually needed.

Carrier

An insurance carrier - a provider of benefits.

Co-insurance

The percentage an insured must pay for a service.

Deductible

The amount an insured needs to pay before co-insurance kicks in.

Fully insured

When a company pays one price per employee or family per month to have a benefit, they're fully insured.

HIPAA

This is a legal requirement that mandates how companies must handle Protected Health Information.

In-Network

Medical providers who are “in-network” have an agreement with an insurance carrier to provide services at a reduced rate. In turn, the provider knows they will be paid by the carrier.

Open Enrollment

A period of time during which an employee may freely enroll in or change their benefits. Usually once per year. Also known as “Annual Enrollment”.

Out-of-Network

If a medical provider is “out-of-network”, it means they do not have an agreement with the insurance carrier to provide services at a reduced rate.

Out-of-pocket maximum

The dollar amount the insured is responsible for paying in a plan year; co-pays are not included.

Plan Level

Refers to the level of coverage offered - for example, Employee, Employee + Spouse, Employee + Family. Also known as Plan Tier.

Premium

The amount of money an individual or business pays for an insurance policy.

Pre-tax

If a benefit is “pre-tax” it means that an employer withdraws money directly from an employee’s paycheck to cover the cost of benefits, before withdrawing money to cover taxes. The deduction is taken off their gross income before taxes.

Post-tax

If a benefit is “post-tax”, it means that an employer withdraws money from an employee’s paycheck after money is withdrawn to cover taxes.

Qualifying Life Event (QLE)

A life change that makes you eligible for a special benefits enrollment period. Examples include getting married, having a baby, or losing health coverage.

Rules

Rules determine how certain plans behave in the Benefits Administration system. An example would be - if an employee enrolls in an HSA, they cannot also enroll in an FSA. A Rule will tell the system to not allow for such a scenario when an employee is enrolling.

Self-Insured

Self-insured companies usually have a carrier or representative with third-party access (TPA) who handles and approves claims, and then bills the company for claims.

Summary of Benefits & Coverage (SBC)

This is the document required by the ACA for all medical plans which is a short, plain language description of the plans benefits.

Summary of Benefits (SOB)

A term used by many carriers that describes a plan summary, but isn't an SBC.

ACA

ACA

The Affordable Care Act - comprehensive health care reform law enacted in 2010 which provides consumers with subsidies that lowers costs for households with incomes between 100% and 400% of the federal poverty level.

ACA Reporting

The ACA requires insurers, self-insured employers, applicable large employers, and other coverage providers to issue reports to individuals and the government, including Form 720 and Forms 1095-B and 1095-C.

ALE

Refers to "Applicable Large Employers" - employers who must adhere to the ACA's reporting requirements.



Medical Insurance

TRADITIONAL PLANS

Health Maintenance Organization (HMO)

Health plan that commonly requires those enrolled to have a primary care physician (PCP) and only allows for in-network coverage.

Preferred Provider Organization (PPO)

Health plan that allows for in and out of network coverage. In-network coverage is at preferred pricing. Out-of-network coverage is at a higher rate.

Exclusive Provider Organization (EPO)

Health plan that is similar to HMO in that you cannot go out-of-network, but does not require a PCP or referral to a specialist

HSA-COMPATIBLE PLANS

High Deductible Health Plan (HDHP)

A plan with a high deductible that is payable 100% before coverage kicks in, and allows for enrollment in a Health Savings Account (HSA). Usually a PPO, but can also be an HMO or an EPO.

Employees cannot enroll in a full purpose Healthcare FSA with an HDHP plan if also enrolled in and contributing to an HSA. With an HDHP plan, you can only use a limited purpose FSA if you are also enrolled in and contributing to an HSA.

Dental Insurance

DPO

Similar to a PPO, but for dental insurance. Allows for in- and out-of-network coverage. In-network coverage is at preferred pricing. Out-of-network coverage is at a higher rate.

DMO or DHMO

Similar to an HMO, but for dental insurance. Commonly requires those enrolled to have a primary care dentist (PCD) and only allows for in-network coverage.

Vision Insurance

Vision Insurance

A plan offered by many companies that usually covers eye exams, glasses, and contacts. Eye infections are typically covered by health insurance.



Savings Accounts

FLEXIBLE SPENDING ACCOUNTS

A Flexible Spending Account (also known as a flexible spending arrangement) is an account that you can deposit funds into to pay for out-of-pocket health care expenses. You do not have to pay taxes on this money - so there is a financial benefit to using an FSA.

Full-purpose Healthcare FSA Covers medical, dental, vision expenses (see IRS publication 502 for full list)

Limited-purpose Healthcare FSA Covers dental & vision expenses, but not medical

Dependent FSA Covers childcare/eldercare expenses (NOT healthcare-related, but rather more like day care)

HEALTH SAVINGS ACCOUNTS

Health Savings Accounts (HSA)

Accounts that you can deposit tax-deductible contributions into to pay for current and future health care costs. Your contributions are typically taken out of your paycheck on a pre-tax basis.

You cannot contribute to both an HSA and a full-purpose FSA, because both accounts cover medical expenses. If you did, you'd exceed the annual limits mandated by the IRS.

You can contribute to both an HSA and a limited-purpose FSA. with the reason being that your HSA would cover medical expenses and your FSA could be used to supplement and cover the dental and vision piece.

TRANSIT

Commuter Plan

This plan allows an employee to pay for public transportation with pre-tax dollars. Employees can adjust their contributions at any time.

Parking

Similar to a Commuter plan, but covers parking expenses.



Life Insurance & AD&D

Life Insurance and Accidental Death and Dismemberment Insurance are often bundled together, and often provide payments to beneficiaries based on a multiplier of their annual salary (1x, 2x, 3x).

Many companies provide Basic Life and AD&D to their employees and offer additional Voluntary (or Supplemental) Life and AD&D coverage that employees can elect and contribute (typically pre-tax) to.

Life Insurance

A benefit companies typically offer to their employees that provides money to a beneficiary (a recipient of the insured's choosing, or as required by law) in the event of their death.

Accidental Death and Dismemberment

Sometimes referred to as Personal Accident Insurance, AD&D is similar to Life Insurance in that it provides funds to a beneficiary in case of accidental death or the loss of a body part.

Guaranteed Issue (GI)

This is a level of coverage that is available without an employee completing an Evidence of Insurability (EOI) form.

Evidence of Insurability (EOI) Form

This is generally a medical questionnaire or a physical assessment of the insured's medical condition, which determines if they'll be eligible for coverage above the Guaranteed Issue (GI).

Voluntary Spouse / Dependent Life & AD&D

This is a life insurance plan that employees can purchase to provide similar coverage for a spouse or a dependent, that will pay a beneficiary in the case of death or dismemberment.

Age-Based

Sometimes called "age-banded". Life insurance costs typically are impacted by age - i.e., coverage gets more expensive the older someone gets, based on the age band they are in (generally increasing every five or ten years).



Disability

Short Term Disability (STD)

This benefit offers continued salary payments (usually a percentage of the employee's salary) to an employee during a long illness or birth of a child. It generally lasts from three to six months.

Long Term Disability (LTD)

This benefit offers continued salary payments after STD is exhausted. LTD recipients usually have to require for Social Security Disability as well, which is paid in conjunction to LTD. LTD continues until an employee retires or dies.

Retirement Plans

401(k)

A qualified retirement plan that allows employees to save for retirement on a tax deferred basis.

Roth 401(k)

A qualified employer-sponsored savings plan that provides employees the option of investing after-tax dollars for retirement. Withdrawals taken after 59 1/2 are tax free if the account has been funded for five years.

403(b)

A retirement plan offered to employees of public schools and tax-exempt organizations - similar to a 401(k), except that they are exempt from non-discrimination testing.

Additional Plans

Employee Assistance Program (EAP)

This is a benefit that provides employees and dependents with counseling.

Legal Plans

This benefit provides employees with access to basic legal services.

Cancer Insurance

This plan covers expenses beyond what a medical plan would cover, including wages and hospital benefits.

Cobra

COBRA

Consolidated Omnibus Reconciliation Act, or COBRA is medical, dental, or vision coverage that is available to employees after termination, with some exceptions. Companies with twenty or more employees must offer COBRA benefits. Premiums are typically paid by the employee, and is usually the full premium (i.e., the total amount the employer and employee were paying for coverage when the employee was with the company).

Carrier Feeds

834 File

Refers to the file that a carrier feed sends - a string of data elements used to transfer enrollment information.

Carrier Feed

Commonly referred to as “EDI Feeds” or “Eligibility File Feeds”. This is a file sent by a Benefits Administration or Payroll provider to insurance carriers that may include enrollment, demographic, or payroll data depending on the benefits offered.

COBRA Feed

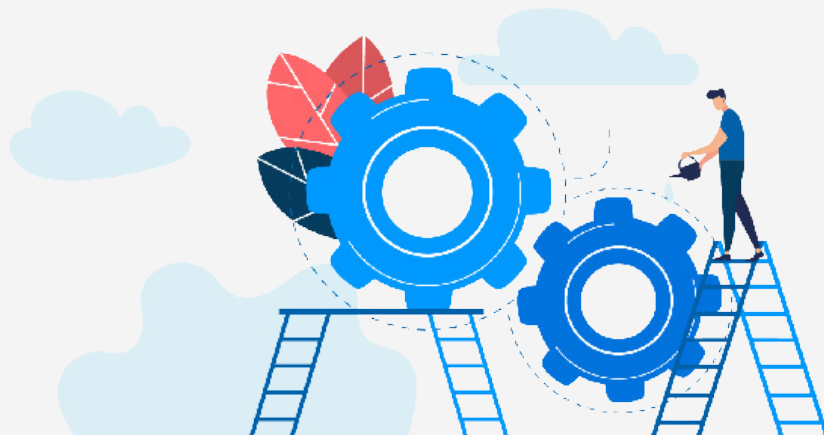
A carrier feed that sends data to a COBRA provider.

Electronic Data Exchange

The electronic interchange of business information using a standardized format, which allows one company to send another information.

Open Enrollment File

A special 834 file that sends enrollment data from your company’s Open Enrollment.





About Namely

Combining intuitive HR technology and best-in-class service, Namely empowers mid-size companies to build better workplaces. Simplifying the complexities of recruiting, onboarding, time & attendance, performance management, benefits administration, compliance, payroll, and HR analytics, Namely offers an integrated platform that saves companies time and improves their employees' experiences. Distinguished by a dedicated support model and enhanced service offerings, Namely delivers an all-in-one HR solution for today's people teams.

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