

North Carolina Bankers Association Health Benefit Trust

Participating Employer Compliance Guide

Thank you for being a participating employer bank in the North Carolina Bankers Association Health Benefit Trust (NCBAHBT). This guide is being provided to you, as a participating employer bank in the NCBAHBT, to help you comply with various Federal and state requirements applicable to employer banks offering health coverage and other benefits to their employees and their family members.

Most of the responsibilities involve various employee notice requirements that have to be provided whenever an employer bank offers health coverage and other employee benefits. Employer banks should review and understand their compliance responsibilities when employees are hired, during annual enrollment and at special enrollment times. Employer banks should also know what their responsibilities are when qualifying events occur, and when employees terminate employment. The requirements listed below are subject to change at any time. This guide is not an exhaustive list of all employer banks' compliance responsibilities. Participating employer banks are encouraged to contact legal counsel to ensure they are aware of all of their responsibilities.

Key Participating Employer Responsibilities

NEW HIRES / NEW ENROLLEES

| | Compliance Requirement or Feature | Note Code | Comment | When | Who Distributes Document |
|----|--|-----------|--|---|--------------------------|
| 1. | Children's Health Insurance Program Reauthorization (CHIP) | A | NCBA provides notice, employer bank distributes | At time of hire | Employer Bank |
| 2. | The Marketplace Exchange Availability | B | NCBA provides notice, employer bank distributes | At time of hire | Employer Bank |
| 3. | Summary Benefit Comparison ("SBC") | C | NCBA provides, employer bank distributes | When enrollment materials provided | Employer Bank |
| 4. | Initial Continuation Notice (COBRA/State Continuation) | D | Employer bank responsibility. COBRA vendor provides directly | Within 90 days of enrollment | COBRA Vendor |
| 5. | Summary Plan Description ("SPD") | H | NCBA provides, employer bank distributes | Within 90 days of enrollment | Employer Bank |
| 6. | Medicare Part D Creditable Coverage | E | NCBA provides notice (in SPD), employer bank distributes | Prior to effective date of coverage for any Medicare eligible individual that joins the medical plan. | Employer Bank |
| 7. | HIPAA Special Enrollment Rights | F | NCBA provides notice (in SPD), employer bank distributes | When enrollment materials provided | Employer Bank |
| 8. | Summary of HIPAA Privacy Notice | G | NCBA provides notice (in SPD), employer bank distributes | At time of enrollment | Employer Bank |
| 9. | Women's Health Cancer Rights Act ("WHCRA") | M | NCBA provides notice (in SPD), employer bank distributes | At time of enrollment | Employer Bank |

CONTINUING NOTICE REQUIREMENTS

| | Compliance Requirement or Feature | Note Code | Comment | When | Who Distributes Document |
|----|--|-----------|---|--|--------------------------|
| 1. | Children's Health Insurance Program Reauthorization (CHIP) | A | NCBA provides notice, employer bank distributes | At time of hire/annually | Employer Bank |
| 2. | The Marketplace Exchange Availability | B | NCBA provides notice, employer bank distributes | At time of hire | Employer Bank |
| 3. | Summary Benefit Comparison ("SBC") | C | NCBA provides, employer bank distributes | At enrollment time | Employer Bank |
| 4. | Initial Continuation Notice (COBRA/State Continuation) | D | Employer bank responsibility. COBRA vendor provides directly. | At enrollment time | COBRA Vendor |
| 5. | Medicare Part D Creditable Coverage | E | NCBA provides notice (in SPD), employer bank distributes | Prior to Part D Annual Election Period – Oct 15 th of each year | Employer Bank |

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|-----|---|---|--|--|---------------|
| 6. | HIPPA Special Enrollment Rights | F | NCBA provides notice (in SPD), employer bank distributes | At enrollment time | Employer Bank |
| 8. | Summary of HIPAA Privacy Notice | G | NCBA provides notice (in SPD), employer bank distributes | At enrollment time and w/in 60 days of any changes. At least once every 3 yrs notified of availability | Employer Bank |
| 9. | Summary Plan Description ("SPD") | H | NCBA provides, employer bank distributes | 90 days post enrollment | Employer Bank |
| 10. | Summary Annual Report ("SAR") | I | NCBA provides, employer bank distributes | 9 months post plan year end | Employer Bank |
| 11. | Individual mandate Sec 6055 Form 1095-B (<50 employees) | J | NCBA prepares tax form, Businessolver sends to employees | See IRS Guidelines | Employer Bank |
| 12. | Employer Mandate Sec 6055 Form 1094-B (<50 employees) | J | NCBA prepares tax form & sends to employer firm to submit | See IRS Guidelines | Employer Bank |
| 13. | Individual Mandate Sec 6056 Form 1095-C (50+ employees) | J | Employer bank prepares tax form, employer must distribute to employees | See IRS Guidelines | Employer Bank |
| 14. | Employer Mandate Sec 6056 Form 1094-C (50+ employees) | J | Employer bank prepares tax form, employer must submit to IRS | See IRS Guidelines | Employer Bank |
| 15. | Summary of Modification ("SMM") | K | NCBA provides, employer bank distributes | 210 days post plan year end. If results in a material modification then within 60 days | Employer Bank |
| 16. | Newborn Mother's Health Protection ("NMHPA") | L | NCBA provides notice (in SPD), employer bank distributes | w/in SPD timeframe | Employer Bank |
| 17. | Women's Health Cancer Rights Act ("WHCRA") | M | NCBA provides notice (in SPD), employer bank distributes | At enrollment time/annually | Employer Bank |
| 18. | Mental Health Parity Addition Equality ("MHPAEA") | N | NCBA provides notice, employer bank distributes | Upon request | Employer Bank |
| 19. | Qualified Medical Child Support Order (QDRO) | O | NCBA provides, employer bank distributes | Upon receipt of support order | Employer Bank |

Electronic Distribution of Disclosure Notices: Many employer banks want to distribute notices electronically. There are rules governing the electronic distribution of certain notices. Employer banks can distribute various notices and documents to an employee electronically only if the employee has work related computer access. In other words, the employee has to use the computer as part of his or her job duties. If the employee's job duties do not require computer access the documents should be distributed in paper format rather than in electronic format. See the attached legislative brief regarding the specific requirements to distribute notices electronically.

Notes in the Participating Employer Compliance Guide

A. Children's Health Insurance Program Reauthorization Act or CHIP. Some states have instituted programs under which low income individuals can receive financial assistance to help pay health plan premiums for children.

B. Health Care Exchange Notices. One of the main components of health care reform was the establishment of health care exchanges where individuals can go to buy health coverage. The law requires that employers provide all new employees a government notice explaining the availability of health care exchanges . This notice has to be provided to all employees, whether or not they enroll in the Plan, within 14 days after the employee is first hired.

C. Summary of Benefits and Coverage or SBC. NCBA offers a number of different options when it comes to medical benefits. Once you have selected the medical benefits you want to offer to your employees, you have to distribute the SBC listing those options to the employees. The NCBA website contains a copy of the SBC. The SBC should be distributed during the annual open enrollment period and when the employee is first eligible to participate in the plan.

D. Continuation of Coverage. A Federal statute, called COBRA, applies to employers with 20 or more employees. Employers that are subject to COBRA must offer certain individuals, called qualified beneficiaries, the opportunity to continue their plan coverage when certain events, called qualifying events, happen. North Carolina has a law that requires employers with less than 20 employees to allow former employees and their family members to continue participating in the plan under certain circumstances occur when the employee is terminated.

There are various notice requirements under both COBRA and the North Carolina rules. It is imperative that you notify NCBA whenever someone begins or loses coverage under the plan.

E. Medicare Part D Creditable Coverage Notice. Medicare has a voluntary prescription drug benefit for those enrolled in Medicare. Employers are required to distribute a Medicare Part D Creditable Coverage prior to the annual Medicare Part D open enrollment period that begins Oct 15th of every year.

F. HIPAA Special Enrollment Rights. Federal law provides that some individuals may enter the plan mid-year if certain events happen. The law requires that you notify all employees about these special enrollment rights when they are first eligible to participate in the plan.

G. Summary of HIPAA Privacy Notice. Federal law requires the plan to protect the people's personal protected health information or PHI. This notice has to be given to the employee that are covered under the plan at the time they enroll in the plan. Employer firms will not have access to PHI so any employee questions regarding PHI should be directed to the Plan Administrator.

H. Summary Plan Description ("SPD"). The SPD lists key facts about the plan including the plan's eligibility requirements and a detailed description of plan benefits. The SPD should be provided to the employees who enroll in the plan. The NCBA website contains copies of the SPDs.

I. Summary Annual Report ("SAR"). The summary annual report or SAR summarizes the plan's activities each year. NCBA will provide you the SAR which you should distribute to the employees participating in the plan. The SAR will be available on the NCBA website.

J. Health Care Reform Reporting- Health care reform imposes a reporting requirement on employers sponsoring self-funded health plans. Small employers (i.e. those with less than 50 full time and full time equivalent employees) that sponsor self-funded health plans must complete and submit IRS Form 1094-B and IRS Form 1095-B. The employer provides a copy of IRS Form 1095-B to all their employees. Applicable Large employers that sponsor self-funded health plans must complete and submit IRS Form 1094-C and IRS Form 1095-C. The employer provides a copy of IRS Form 1095-C to all their employees.

K. Summary of Material Modification ("SMM"). Federal law requires the distribution of this notice within 210 days after the close of the plan year during which the change in benefits happened. If the change results in a material modification then it must be provided within 60 days of the effective date. NCBA will provide the applicable notice.

L. Newborns' and Mothers' Health Protection Act. The plan SPD must include a statement describing any health insurance coverage offered under the plan relating to any hospital length of stay in connection with childbirth for a mother or newborn child under the applicable Federal or State Law.

M. Women's Health Cancer Rights Act or WHCRA. Health plans have to provide mastectomy related reconstructive surgery, prostheses and treatment of physical complications of mastectomy. The SPD- Benefit Book contains benefits allowing the required services.

N. Mental Health Parity and Addiction Equity Act or MHPAEA. Federal law requires information, upon request, about the processes, strategies, evidentiary standards and other factors used to apply a nonquantitative treatment limitations with respect to medical/surgical benefits.

O. Qualified Medical Child Support Order (QDRO). Upon receipt of medical child support order, notification including the plan's procedures for determining its qualified status and a separate notice whether medical child support order is required.