



Health Care Reform Alert
90-Day Waiting Period:
Handling Employees in a
Waiting Period When the
2014 Plan Year Begins
What Employers Need to Know

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The Affordable Care Act’s (ACA) 90-day waiting period limit rule begins with the group plan renewal in 2014. The limit means **90 actual calendar days**, not three months.

Many plans currently have a “first of the month after 90 days” waiting period rule, but are changing their 2014 plans to have a “first of the month after 60 days” rule to comply with the ACA.

Some plans impose longer waiting periods, such as six months. These plans will need to change their waiting periods to be no longer than 90 calendar days.

What about an employee that is in the midst of a waiting period when the 2014 plan year begins if the current waiting period is longer than 90 calendar days? Which rule applies?

On the first day of the 2014 plan year, the new rule goes into effect. Thus, the employee must not be made to wait longer than 90 calendar days from their hire date to have an offer of coverage, even if that hire date occurred before the 2014 plan year began. Days of employment prior to the start of the plan year must be counted towards the 90-day waiting period limit. The following examples illustrate this:

Example 1.

Business QRS will renew their group health plan on December 1, 2014.

Until that time, full-time employees are eligible for coverage the “first of the month after 90 days” of employment.

Keri is hired on February 3, 2014. The first day she will be eligible for coverage is June 1, 2014 (119 days) because the new 90-day waiting period limit will not be in force until December 1, 2014.

	Hire Date	Coverage effective “first of month after 90 days”	Day 91 of employment	Coverage effective date under the new 90-day waiting period limit rule
Keri	February 3, 2014	June 1, 2014	Not applicable	Not applicable

Example 2.

Company ABC has a calendar year plan beginning on January 1, 2014.

Currently, full-time employees are eligible for coverage after a 6-month waiting period.

Tom begins work as a full-time employee on October 1, 2013; thus, the first day of Tom’s waiting period is October 1.

Under the current 6-month waiting period rule, Tom’s coverage would begin on April 1, 2014.

However, beginning January 1, 2014 (the first day of the 2014 plan year), the company may not apply a waiting period that exceeds 90 calendar days.

Company ABC must count the days that Tom has already been in his waiting period (93 days). Since the waiting period has already exceeded 90 days, the company must offer coverage to Tom on January 1, 2014 to comply with the ACA.

Note that the company is not required to make coverage effective before January 1, 2014, because the new 90-day waiting period limit rule begins at the start of the 2014 plan year.

Tom	Hire Date	Coverage effective date under the 6-month waiting period	Day 91 of employment	Coverage effective date under the new 90-day waiting period limit rule
	October 1, 2013	April 1, 2014	December 30, 2013	January 1, 2014

Example 3.

Employer XYZ has a calendar year plan beginning on January 1, 2014.

Currently, full-time employees are eligible for coverage after a “first of the month after 90 days” waiting period rule.

Mary begins work as a full-time employee on October 14, 2013; thus, the first day of Mary’s waiting period is October 14, 2013.

Under the current waiting period rule, Mary’s coverage would begin on February 1, 2014 (111 days after her hire date).

However, beginning January 1, 2014 (the first day of the 2014 plan year), Employer XYZ may not apply a waiting period that exceeds 90 calendar days.

Employer XYZ changed their 2014 waiting period to “first of the month after 60 days” to comply with the ACA, so Mary will be offered coverage on January 1, 2014.

Mary	Hire Date	Coverage effective date under the “first of month after 90 days” waiting period	Day 91 of employment	Coverage effective date under the “first of month after 60 days” waiting period
	October 14, 2013	February 1, 2014	January 12, 2014	January 1, 2014

Example 4.

Business EFG has a group health plan that renews on May 1, 2014.

Currently, the plan has a “first of the month after 90 days” waiting period.

Fiona is hired on February 3, 2014. Under the current waiting period rule, Fiona would be offered coverage beginning on June 1, 2014 (119 days after hire).

However, with the start of the 2014 plan year, Business EFG cannot impose a waiting period longer than 90 calendar days.

Thus, Fiona must be offered coverage beginning no later than May 4, 2014 (91 days after hire).

Business EFG changed their 2014 waiting period to “first of the month after 60 days” to comply with the ACA, so Fiona will be offered coverage on May 1, 2014.

Fiona	Hire Date	Coverage effective date under the “first of month after 90 days” waiting period	Day 91 of employment	Coverage effective date under the “first of month after 60 days” waiting period
	February 3, 2014	June 1, 2014	May 4, 2014	May 1, 2014

Example 5.

Company LMN has a group health plan that renews on July 1, 2014.

Currently, the plan has a 120-day waiting period.

Dan is hired on June 2, 2014. Under the current waiting period rule, Dan would be offered coverage beginning on September 30, 2014 (121 days after hire).

However, with the start of the 2014 plan year on July 1, Company LMN cannot impose a waiting period longer than 90 calendar days.

Thus, Dan must be offered coverage beginning no later than August 31, 2014 (91 days after hire).

Company LMN changed their 2014 waiting period to 90 calendar days to comply with the ACA, so Dan will be offered coverage beginning on August 31, 2014.

Dan	Hire Date	Coverage effective date under the 120 days waiting period	Day 91 of employment	Coverage effective date under the new 90-day waiting period
	June 2, 2014	September 29, 2014	August 31, 2014	August 31, 2014

This health care reform alert is only a summary of one rule of the Affordable Care Act. It cannot cover all aspects of the rule and how it will impact your company.

You have questions.
We have answers.

Schedule a meeting with Creative Benefits today. You are invited to our office or we will come to you. Our discussion will be based on how health care reform affects your unique company, now and in the future.

Call 866-306-0200 and ask for Robin Norgaard

