

10 Common Mistakes to Avoid as a Group Benefits Plan Administrator

Being the [Plan Administrator](#) of a group employee benefits plan is a big job with a lot of responsibility — and a lot to remember.

Here are 10 of the most common Plan Administrator mistakes (and how to avoid them):

1 Terminating Employees from the Plan Due to Spousal Coverage

Employees on your plan may also have group insurance coverage through a spouse or partner. Employees with an alternate plan may seek to remove themselves from your plan, citing overlapping coverage. However, only the Extended Health Care (EHC) or Dental Insurance benefits can be waived due to alternate coverage. All other coverage should remain in place for each employee.

It's worth noting that having access to two benefits plans isn't a bad thing! Employees with alternate coverage through their spouse can still benefit from having dual coverage by [coordinating their benefits plans](#) to work together.

TIP: To waive an employee's health and/or dental coverage, BBD Plan Administrators can have an employee complete the [Employee Change Request](#) form, available on [Nomad](#), to update their account.

2 Not Listing Dependents to the Employee's Plan Due to Spousal Coverage

Similarly, some employees may not add their spouse to the plan because their spouse has alternate coverage. Even if an employee has waived their Extended Health or Dental coverage for their dependents, it is important to still have all eligible dependents listed. That way, if an employee loses their alternate coverage, dependents can be easily reinstated. This also ensures the dependent(s) have coverage for other benefits such as Dependent Life Insurance, or EAP services.

TIP: If an enrollment form arrives at your desk and an employee has not listed their spouse as a dependent, you'll want to go back to them and advise them of the above.



3 Enrolling Employees as Late Applicants

When an employee reaches their eligibility date for benefits, they have 31 days to enroll in your plan before becoming a [late applicant](#). Late applicants could be required to back-pay premiums. Or worse, they may need to submit medical evidence to qualify for benefits.

Allowing employees to miss this crucial 31-day window could negatively impact their coverage or lead to a denial of coverage altogether. When an employee becomes eligible, make sure you get them on the path to enrollment right away and that you're following up to remind them to submit.

TIP: Utilize [online enrollment](#) to increase employee participation and make it easier and more convenient for employees to enroll.

4 Leaving Terminated Employees Active on the Plan

Whenever an employee leaves the organization (one way or the other) it is important to remove them from the plan as soon as they are no longer eligible for benefits.

Otherwise, employees no longer working at your company may be able to continue to use the benefits plan. Furthermore, any [co-pays](#) (cost-sharing) the employee was previously paying from payroll deductions won't be able to be recouped, since they've left your organization. This means that employers who normally only pay a portion of the premiums (with the employee paying their share from payroll) will be on the hook for 100% of the premiums, costing them even more money.

TIP: BBD Plan Administrators can [process employee terminations](#) quickly and easily through our online benefits administration platform, [Nomad](#).

5 Trustees Not Listed for Underage Beneficiaries

When employees enroll in their benefits plan, they may need to name a [beneficiary\(ies\)](#) to receive select benefits payouts. Employees can name anyone to be a beneficiary (spouses and partners are common) but must name a [trustee](#) for beneficiaries under the age of 18. Minors are unable to access these funds until they reach the age of majority, so a trustee must be appointed to manage the funds in the meantime.

Keep an eye out for employees naming their children as beneficiaries and remember to check that they've also designated a trustee. Not doing so could bring complications if it comes time to pay minor beneficiaries without named trustees.

TIP: Make sure the employee does not name themselves as the Trustee either, since the beneficiary designation is set up for them to receive the benefit from a Life Insurance claim.

[Beneficiaries: How to add, update or remove – YouTube](#)



6 Entering Eligibility Date vs. Hire Date

In many cases, employers have specified a [waiting period](#) that employees must meet before they become eligible for benefits. The day that the waiting period ends is known as the eligibility date, while the hire date is when the employee first started working. Most Insurer's systems will automatically attach any applicable waiting period to the hire date entered in the system.

For example, if an employee was hired January 1st with a 3-month waiting period, their eligibility date would be April 1st. However, if the eligibility date (April 1st) was mistakenly entered as the hire date (January 1st), then the Insurer's system may add the three month waiting period, resulting in an eligibility date of August 1st.

Not only does this cause confusion for the employee, it may also affect their coverage as they could end up as a late applicant.

TIP: Always confirm if the insurers system is requesting the hire date, or the date of eligibility.

7 Adding Ineligible Common-Law Spouses

In order to be considered common-law, individuals must have been [continuously cohabitating for at least one full year](#). Employees whose living situations do not meet these criteria should not designate a spouse as common-law.

TIP: Remind new employees enrolling about the criteria for common-law spouses. Set a reminder to follow up if and when the relationship is approaching the 1-year mark. Also, remind employees to inform you of any changes to their marital status (or other information) so you can make sure to keep employee data accurate.

8 Not Reviewing Employee Information Regularly

Employee information changes frequently and Plan Administrators need to ensure that they're keeping information up to date. Employee information on file is what is used to pay claims or issue benefits payouts. If salaries aren't updated or beneficiaries aren't changed as requested, problems can arise.

Some of the most frequent changes to employee information include salary, beneficiaries, legal names, addresses, and dependents.

TIP: Encourage employees to provide updated information whenever things change, while you take care of any employment information such as salary.



9 Not Submitting Student Confirmation Forms

Dependent children are eligible for benefits through your plan until they reach a certain age (usually 19 or 21). Afterwards, they may continue to remain on the plan up until the age of 25 or 26 (depending on your plan), provided they are enrolled full-time in a post-secondary institution.

Prior to each new school year in September, employees will be required to submit a Student Confirmation Form. It's generally a simple form indicating that their dependent child is enrolled full-time in a post-secondary institution. If confirmation of enrollment is not received, the dependent child will be removed from the plan.

TIP: BBD Plan Administrators will be informed when a Student Confirmation Form is necessary. Ensure you remind the employee(s) to complete it in order to have their child remain on the plan.

10 Not Using the Most Up to Date Form

Insurers occasionally update their forms with important changes and conditions, improvements and quality of life changes, or new fields. It's important to double-check you're using the most up to date forms to ensure all information is captured and reflects accurate information.

TIP: If you're the type to save forms to your desktop, consider redownloading the forms every once in a while. Better yet, always grab the latest forms from your Insurer. At BBD, Plan Administrators can download the most recent versions of forms directly from [Nomad](#), our online benefits administration tool.

