

350.2 - A Nonconforming LGHP

(Rev. 4, 10-01-01)

A nonconforming LGHP means that at any time during the calendar year, it is taken into account that an active individual is eligible for or receives benefits based on disability, for example, an LGHP fails to pay primary benefits for disabled individuals under age 65 for whom Medicare is secondary payer.

NOTE: Although the term “large group health plan” includes a plan for former employees or persons formerly associated with the employer in a business relationship or their families, these individuals are not included in the definition of active individual, i.e., Medicare is not secondary for them. These individuals are included within the definition of LGHP for tax purposes.