Benefits Continuation While on Approved Unpaid Leave of Absence

Maricopa County
Employee Benefits Division

Agenda

- Objective
- Policy
- Procedures
- Notification Process
- Termination of Benefits
- "Other" Health Insurance Options
- Roles and Responsibilities
- Examples
- Questions

Objective

1. **Achieve consistency** in benefits administration
2. **Ensure accuracy** of leave information for 1095-C forms
3. **Manage costs** for employees and the Plan
4. **Communicate** the Benefits Continuation Policy

Benefits Continuation While on Approved Unpaid LOA Policy

- The Benefits Continuation Policy <u>does not</u> replace the County's Leave Policy

- The Benefits Continuation Policy <u>does not</u> change payroll processing

- Policy:

Leave Type	Maximum Period of Benefits Continuation Per Leave Type with Employee Responsible for Only the Employee Portion of Premium *
Non-FMLA	4 pay periods
FMLA	FMLA period
Military Leave	12 months

*In a rolling 12-month period.

1. **<u>Department Liaison</u>** must submit a PAF to Employee Records within 2 business days of approving a leave of absence

2. **<u>Employee Records</u>** will update EV5

3. **<u>Employee Benefits</u>** will administer benefits
   - If Employee Status reflects unpaid **<u>Non-FMLA</u>**, benefits continue for up to 4 pay periods*
   - If Employee Status reflects paid or unpaid **<u>FMLA</u>**, benefits continue for FMLA period*
   - If Employee Status reflects **<u>Military Leave</u>**, benefits continue for up to 12 months

4. **<u>Employee</u>** is responsible for only the Employee Portion of the benefits premium during period of benefits continuation while on leave. This does not apply if the employee is on COBRA.

5. **<u>If No PAF</u>** is submitted to Employee Records to confirm employee has been approved for FMLA or Military Leave, benefits are terminated after employee reaches **4** pay periods in a Non-Pay Status in a rolling 12-month period

    <u>a) Employee Benefits</u> sends notifications (triggers) to Department Liaisons

b) ADP System checks for the following before triggers are initiated:

- Is employee showing as active or suspended?
- Have benefits been terminated?
- Is employee in a Non-Pay Status?
- How many periods has employee been in a Non-Pay Status?

6. **Department Liaison** must take action to ensure benefits are not terminated

Definition of Non-Pay Status

Non-Pay Status is defined as not having sufficient earnings from which to deduct the Employee Portion of the premiums for benefits in which an employee is enrolled. Includes:

- ✓ Medical, Prescription, Behavioral Health
- ✓ Vision
- ✓ Dental
- ✓ Additional Life and Additional AD&D
- ✓ Spouse Life
- ✓ Child Life
- ✓ Short-Term Disability
- ✓ Flexible Spending Accounts
- ✓ Group Legal

Notification Triggers

Notification Process

There is a process to notify Department Liaisons when benefits can't be administered correctly because no PAF has been submitted to Employee Records

Trigger #1

First alert sent to liaison via County <u>e-mail</u> when employee reaches **<u>2</u>** consecutive pay periods in Non-Pay Status based on EV5 and is not on an approved FMLA or Military Leave, or on an unpaid approved leave of absence.

<u>Action Required</u>

- Liaison must submit PAF to Employee Records within 2 business days from date of trigger

- Employee Records will process PAF

- Employee Benefits will track and administer benefits continuation based on leave type

Trigger #1 Sample

<u>E-Mail</u>

Date:

To: Department Liaison

From: Employee Benefits Division

Re: **POTENTIAL TERMINATION OF BENEFITS**

Our records indicate that your employee, <<Insert Employee's Name>>, has been in a <u>Non-Pay Status for 2 consecutive pay periods</u>, meaning that there have not been sufficient earnings from which to deduct the premiums for the benefits coverage he or she has elected.   Additionally, the ADP system, EV5, does not reflect that this employee is currently on an approved FMLA or Military Leave, or on an unpaid approved leave of absence. If this employee is on an approved leave, please ensure that a Personnel Action Form (PAF) is submitted to the Maricopa County Employee Records Department **<u>within 2 business days</u>** of this notice so that benefits may be administered correctly. Failure to take action may result in the employee's benefits being terminated. Thank you.

Trigger #2

Second alert sent to employee via <u>regular mail</u>, with e-mail copy to Department Liaison when employee reaches **<u>3</u>** consecutive pay periods in Non-Pay Status and is not on an approved FMLA or Military Leave, or on an unpaid approved leave of absence.

<u>Action Required</u>

- Liaison must submit PAF to Employee Records within 2 business days from date of trigger

- Employee Records will process PAF

- Employee Benefits will track and administer benefits continuation based on leave type

Trigger #2 Sample

Letter to Employee with cc to Liaison

Maricopa County
Department of Employee Benefits and Health
Employee Benefits Division
301 West Jefferson Street, Suite 3200
Phoenix, AZ 85003-2143

Phone: 602-506-1010
Fax: 602-506-2354
www.maricopa.gov

Date:

Employee Name
Address
City, State, Zip Code

RE: IMPORTANT NOTICE ABOUT YOUR MARICOPA COUNTY BENEFITS

Dear <<Employee Name>>:

Our records indicate that you have been in a Non-Pay status for 3 consecutive pay periods. This means that you have not had sufficient earnings from which to deduct the Employee Portion of the premiums for the benefits in which you are enrolled under the Maricopa County Benefits Program. These benefits include medical, vision, dental, additional life, additional AD&D, spouse life, child life, short-term disability, group legal and the flexible spending accounts, as applicable. Additionally, we cannot determine if you are on an approved leave of absence.

This is a notification that once you reach 4 consecutive pay periods in a Non-Pay Status and you are not on an approved FMLA or Military Leave of absence, in a rolling 12 month period, your benefits will be terminated unless your employment terminates sooner. You and any dependents you have covered under your plans will be offered the opportunity to purchase continuation of benefits coverage under COBRA.

If you believe you have been approved for a leave of absence of there is an error in what our records reflect, contact your Manager or Department Liaison immediately.

For questions regarding this notice, contact the Maricopa County Employee Benefits Division at (602) 506-1010. Representatives are available to assist you Monday through Friday from 8am to 5pm.

Regards,

Maricopa County Employee Benefits Division

cc: Department Liaison

Trigger #3

Final alert, ***Benefits Termination Notice***, sent to employee via <u>regular mail </u>when employee reaches **4** consecutive pay periods in Non-Pay Status and is not on an approved FMLA or Military Leave, or on an unpaid approved leave of absence.

- Employee notified that benefits have terminated
- Employee notified that COBRA is available

Trigger #3 Sample

Letter to Employee

Maricopa County
Department of Employee Benefits and Health
Employee Benefits Division
301 West Jefferson Street, Suite 3200
Phoenix, AZ 85003-2143

Phone: 602-506-1010
Fax: 602-506-2354
www.maricopa.gov

Date:

Employee Name
Address
City, State, Zip Code

RE: MARICOPA COUNTY BENEFITS TERMINATION NOTICE

Dear <<Employee>>;

This is a notification of the termination of your benefits effective <<Enter Termination Date>>. These benefits include medical, vision, dental, additional life, additional AD&D, spouse life, child life, short-term disability, group legal, and the flexible spending accounts, as applicable. You and any dependents whom you have covered under these Maricopa County plans will be offered the opportunity to purchase continuation of benefits coverage under COBRA. A packet of information explaining how to elect COBRA will be mailed to your home address on file.

If you wish to continue your life insurance and accidental death and dismemberment coverage as of your benefits termination date, you must contact ReliaStar Life Insurance Company, a member of the Voya family of companies, within 45 days of your benefits termination date at 855-369-9500, for an application.

If you return to work before the benefits termination date indicated above and wish to have continuation of benefits, you must contact the Maricopa County Employee Benefits Division. If you return to work after your benefits termination date, you must complete a Group Insurance Qualified Family Status Change Form and deliver it to the Maricopa County Employee Benefits Division by no later than 30 calendar days from your return to work date. Active benefits coverage will become effective the date the enclosed form is received in the Maricopa County Employee Benefits Division office.

We had previously sent you a notice regarding this important matter. The reason for termination of your benefits is that you have reached 4 consecutive pay periods in a Non-Pay Status and our records reflect that you are not on an approved FMLA or Military leave of absence.

For questions regarding this notice, contact the Maricopa County Employee Benefits Division at (602) 506-1010. Representatives are available to assist you Monday through Friday from 8am to 5pm.

Regards,

Maricopa County Employee Benefits Division

Enclosures: Group Insurance Qualified Family Status Change Form

Consequences of Benefits Termination

1. ADP benefits record is updated to reflect benefits termination.
2. Vendors are notified of benefits termination.
3. Employee and covered dependents are dropped from coverage.
4. COBRA Notice is mailed out.
5. Benefit premium arrears go into collections.
6. Employee financially responsible for claims incurred after loss of coverage.
7. Employee must explore other options for obtaining coverage.
8. 1095-C forms submitted to the IRS may be incorrect

"Other" Health Insurance Options

- COBRA

- Coverage through the Marketplace (Public Health Insurance Exchange as a result of the Affordable Care Act)

- Retirement system plan, if applicable

- Coverage through spouse

- Other individual plans

- Medicare or Medicaid

Non-FMLA and FMLA

Responsibilities of Department Liaisons:

- Must submit PAF to Employee Records within **2 business days** of start of employee's approved LOA.
  (Note: a separate PAF is required for each leave type)

- Must submit PAF to Employee Records within **2 business days** of employee returning from LOA.

- Must remind employees to contact Employee Benefits within **30 calendar days** of return-to-work date.

- Must **take action** upon receiving notifications from Employee Benefits.

Military Leave

Responsibilities of Department Liaison:

- Must submit PAF to Employee Records within **2 business days** of start of employee's military LOA.

- Must submit copy of Employer Notification of Uniformed Service Form and military orders to Employee Benefits Division.

- Must submit PAF to Employee Records within **2 business days** of employee returning from military LOA.

- Must remind employees to contact Employee Benefits within **30 calendar days** of return-to-work.

- Must take action upon receiving notifications from Employee Benefits.

Following are examples of how the process works when an employee's record is up to date with the appropriate leave status.

Non-FMLA

SCENARIO:

- Employee approved for 1-month personal LOA for education purposes.
- Employee has enough Vacation Leave hours accrued to cover personal LOA period.

How will this employee's benefits be affected?

ANSWER:

- ✓ Benefits will remain active.
- ✓ Benefit premiums will continue to be deducted from employee's paycheck.

Non-FMLA

SCENARIO:
- Employee approved for 3-month unpaid LOA for medical reasons.
- Employee does not have Sick or Vacation Leave hours accrued to cover LOA period.

How will this employee's benefits be affected?

ANSWER:
- ✓ Benefits will be terminated after employee in Non-Pay status for 4 pay periods (in a rolling 12-month period).
- ✓ Employee responsible for paying benefit premiums at "active" employee rates for time period before benefits are terminated.
- ✓ COBRA coverage available.

FMLA

SCENARIO:

- Employee approved for FMLA.
- Employee returns to work after being released and prior to exhaustion of available FMLA hours.

How would this employee's benefits be affected?

ANSWER:

- ✓ Benefits will continue without interruption.
- ✓ Employee responsible for paying benefit premiums at "active" employee rates for time on leave without pay.

FMLA

SCENARIO:
- Employee approved for FMLA.
- Employee does not return to work after exhaustion of available FMLA hours.

How would this employee's benefits be affected?

ANSWER:
- ✓ Benefits will be terminated after FMLA period ends unless a new PAF has been submitted to Employee Records reflecting that employee is approved for different leave type.
- ✓ Employee responsible for paying benefit premiums at "active" employee rates for time on leave without pay (before benefits are terminated).
- ✓ COBRA coverage available.

Military Leave

<u>SCENARIO:</u>
- Employee approved for Military Leave.
- Employee elects to continue enrollment County's group health benefits.
- Employee returns to work within 12 months of Military Leave commencement date.

How will this employee's benefits be affected?

<u>ANSWER:</u>
- ✓ Benefits will remain active.
- ✓ Employee responsible for paying benefit premiums at "active" employee rates for time on leave without pay.

Military Leave

<u>SCENARIO:</u>
- Employee approved for Military Leave.
- Employee elects to continue enrollment in County group health benefits.
- Employee **<u>does not</u>** return to work within 12 months of Military Leave commencement date.

How will this employee's benefits be affected?

<u>ANSWER:</u>
- ✓ Benefits will be terminated after 12 months.
- ✓ Employee responsible for paying benefit premiums at "active" employee rates for 12 months.
- ✓ COBRA coverage available.

Military Leave

SCENARIO:

- Employee approved for Military Leave.
- Employee elects **not** to continue enrollment in County group health benefits.

How will this employee's benefits be affected?

ANSWER:

- ✓ Benefits will be terminated.
- ✓ COBRA coverage available.

- Leave Policy **is not** changing.

- Payroll processing **is not** changing.

- Benefits Continuation Policy **is** further defined.

QUESTIONS ?