

## State Group Health Insurance Opt-Out Incentive Process

2015 Wisconsin Act 55 created s. 40.513, Wis. Stats., which provides eligibility for a stipend of up to \$2,000 (Opt-Out Incentive) if an employee declines/waives State Group Health Insurance coverage. To be eligible for the Opt-Out Incentive, employees must be eligible for the employer contribution toward health insurance premiums in the year the Opt-Out Incentive is elected. An employee newly hired to state service during the calendar year will be eligible for a prorated stipend if election is made within the first 30 days of state employment.

### Eligibility

Full- and part-time employees eligible for the Wisconsin Retirement System (WRS) benefits package may be eligible for the Opt-Out Incentive if they decline/waive State Group Health Insurance coverage. Employees **are not** eligible for the Opt-Out Incentive if they:

- Are not covered under the WRS benefits package (i.e., employees covered under the Graduate Assistant/Short-Term benefits package), or;
- Were eligible for a State contribution (as a WRS participant) in 2015 and elected not to receive State Group Health Insurance coverage in that year, or;
- Are not eligible for an employer contribution toward their health insurance (crafts workers), or;
- Receive State Group Health Insurance coverage as a dependent of a parent or spouse (including the Graduate Assistant/Short-Term benefit program at the UW System or UW Hospital and Clinics). Employees of the UW System, UW Hospital and Clinic and state agencies participate in the State Group Health Insurance program through the Department of Employee Trust Funds (ETF).

Health insurance coverage through a parent or spouse who is employed by a local government entity does not disqualify UW System employees for the Opt-Out Incentive.

### Employee Responsibilities

If an eligible employee declines/waives State Group Health Insurance coverage, they may enroll in the Health Insurance Opt-Out Incentive via Self Service **or** by completing the Health Insurance Application/Change Form (ET-2301):

- Within 30-days of the eligible event date (e.g., new hire or eligible employment or qualifying life event) or
- During the Annual Benefits Enrollment (ABE) period for January 1 enrollment.

If an employee elects the Opt-Out Incentive via Self Service, their confirmation statement will reflect the election. However, it does **not** confirm eligibility; the verification process still needs to be completed by UW-Shared Services, Service Operations.

### Institution Responsibilities

Institutions should assist employees with questions about whether they are eligible for the Opt-Out Incentive; however, actual verification of eligibility and incentive payments into HRS will be handled by UW-Shared Services, Service Operations.

### **Election made using Self Service:**

- After the verification process has been complete, if employee **is eligible**, HRS will reflect the Opt-Out Incentive on the Current Benefits Summary. The institution should notify the employee of the approval.
- After the verification process has been complete, if employee is **not eligible**, UW-Shared Services, Service Operations will update HRS accordingly (remove the Opt-Out Incentive election). A revised confirmation statement will **not** be sent. The institution should notify the employee of the denial.

## State Group Health Insurance Opt-Out Incentive Process

### Election made using a paper application:

Upon receipt of the Health Insurance Application/Change Form (ET-2301) from the employee, the institution will:

- Complete the Employer Section of the Health Insurance Application/Change Form (ET-2301).
- Create an ADM benefit event in HRS to enroll the employee in the Health Insurance Opt-Out Incentive.
- Retain the original, completed Health Insurance Application/Change Form (ET-2301) in the employee's benefits file. ETF does not require a copy.
  - UW-Shared Services, Service Operations will open a ticket. Once the ticket is closed and the institution receives the approval or denial notification email, the institution will print the email and attach it to the original Health Insurance Application/Change Form (ET-2301). See UW-Shared Services, Service Operations responsibilities for more information.
- Notify the employee of the Opt-Out Incentive status.
- No COBRA notice is needed.

### UW-Shared Services, Service Operations Responsibilities

UW-Shared Services, Service Operations will make a good faith effort to determine the employee's eligibility for the Opt-Out Incentive. This will be accomplished by its own research in addition to ETF's eligibility verification process.

Upon running a report that pulls new Opt-Out Incentive enrollments in HRS for a specific timeframe, UW-Shared Services, Service Operations will:

1. Open a ticket.
2. Review employee's eligibility for the Opt-Out Incentive and work with ETF to verify if needed.
3. If it is determined that the employee **is eligible** for the Opt-Out Incentive, UW-Shared Services, Service Operations will:
  - a. Confirm the Opt-Out Incentive enrollment is correctly reflected in HRS\*.
  - b. Cancel the employee's health coverage in myETF benefit system, if previously covered (only necessary during ABE).
  - c. Set up the Opt-Out Incentive paylines.
  - d. Notify the institution of the Opt-Out Incentive approval, update ticket and close it.
4. If it is determined that the employee is **not eligible** for the Opt-Out Incentive, UW-Shared Services, Service Operations will:
  - a. Remove the Opt-Out Incentive election from HRS.
  - b. Notify the institution of the Opt-Out Incentive denial, update ticket and close it.

For Health Insurance Opt-Out Incentive elections made via Self Service **during ABE**, ETF will review the elections and determine eligibility. Once approvals and denials come back from ETF, UW-Shared Services, Service Operations will notify the institution of the Opt-Out Incentive status.

- If ETF denies eligibility for an employee, UW-Shared Services, Service Operations will create a ticket, unenroll the employee from the Health Insurance Opt-Out Incentive for coverage effective January 1 in HRS, notify the institution of the denial and close the ticket. The institution should notify the employees who are denied eligibility for the Health Insurance Opt-Out Incentive. See FAQ #9 for more information.
- If ETF approves eligibility, UW-Shared Services, Service Operations will provide institutions with a spreadsheet of their employees who have been approved after the ABE period has ended.

# State Group Health Insurance Opt-Out Incentive Process

**\*The Health Insurance Opt-Out Incentive effective date is: the first of the month on or following the event date for Faculty, Academic Staff and Limited Appointees, when the employer contribution begins for University Staff and January 1 for employees electing the Opt-Out Incentive during ABE.**

## Frequently Asked Questions

### 1. How will opting out impact sick leave credits?

If the employee opts out, their unused sick leave credits have no value until/unless they re-enroll in the State Group Health Insurance program in the future. This means that a surviving dependent would not have access to the employee's sick leave credits should the employee die. If the employee is retiring, they will need to enroll in the Access Plan prior to retirement for their sick leave credits to be certified to ETF.

### 2. Can employees re-enroll in health insurance?

The employee may re-enroll in State Group Health Insurance during the year if there is a qualifying life event. Because the \$2,000 Opt-Out Incentive payment will be pro-rated by payroll period, the employee will lose any portion that would have been payable after they have re-enrolled. The employee does not need to repay the opt-out incentive received prior to the life event. The employee may also re-enroll in future ABE periods.

### 3. Does this impact enrollment in other benefit plans?

By opting out of State Group Health Insurance, the employee is also opting out of Uniform Dental. The employee may still enroll in the preventive dental insurance plan, one supplemental dental insurance plan and/or the vision insurance plan during ABE. The employee is not eligible for the Well Wisconsin Program Incentive.

### 4. Is the payment taxable?

Yes.

### 5. Is the payment included in the employee's Wisconsin Retirement System (WRS) wages?

The payment is not considered to be WRS eligible earnings.

### 6. Does opting out affect compliance with the Affordable Care Act (ACA)?

It will not increase the risk of penalty under the Employer Shared Responsibilities provisions of the ACA as the employer has met the requirement of offering insurance to eligible employees.

### 7. What amount will the employee receive with each payroll?

Monthly Payrolls	Biweekly Payrolls ( <i>A and B Payrolls</i> )
\$166.66	\$83.33

## State Group Health Insurance Opt-Out Incentive Process

**8. Does changing from Part-Time to Full-Time (or vice versa) give the employee a qualifying event to enroll in the Health Insurance Opt-Out Incentive?**

No. Employees may only enroll in the Health Insurance Opt-Out Incentive when the employee becomes eligible for the WRS or during the ABE period.

**9. If an employee applies for the Health Insurance Opt-Out Incentive and is found to be ineligible, does this mean they will not have any health insurance coverage?**

This will depend on when they are enrolling and their prior health insurance coverage.

1) *If an employee elects the Health Insurance Opt-Out Incentive due to an eligible event (e.g., new hire or eligible life event) and is found to be ineligible, they may elect a new health plan if they are still within their eligibility period. If they are outside of their eligibility period when found to be ineligible, they will not have any health insurance coverage; they will have to wait until the ABE period or until a qualifying life event occurs to enroll, whichever is sooner.*

2) *If an employee elects the Health Insurance Opt-Out Incentive during ABE and is found to be ineligible, their coverage on January 1 will depend on the coverage in place on December 31.*

(a) Employee had health insurance as of December 31. Coverage reverts to the prior coverage. If they wish to change their health insurance carrier, or their health insurance carrier is no longer available in the new plan year, they may submit a paper application to their human resources office during the ABE period, or follow ETF's Late It's Your Choice Enrollment appeal process if it is after the ABE period. Enrollment through the appeal process is not guaranteed.

(b) Employee did **not** have health insurance as of December 31. Since the employee does not have prior coverage to revert to, they will not have health insurance coverage on January 1. If they wish to enroll in health insurance for coverage effective January 1, they may submit a paper application to their human resources office during the ABE period, or follow ETF's Late It's Your Choice Enrollment appeal process if it is after the ABE period. Enrollment through the appeal process is not guaranteed.

**10. What is the process for rescinding the Health Insurance Opt-Out Incentive?**

An employee must rescind prior to the effective date of coverage. If they rescind their Health Insurance Opt-Out Incentive, coverage will revert to prior coverage unless the employee submits a new Health Insurance Application/Change Form (ET-2301) to elect a new plan or health insurance carrier during their eligibility period or ABE. Follow ETF's Late It's Your Choice Enrollment appeal process after the ABE period for enrollments effective January 1. Enrollment through the appeal process is not guaranteed.