

# The University of Wisconsin System

## UPS OPERATIONAL POLICY: GEN 30



**SUBJECT:** Summer Prepay Deductions and Summer Session Benefits Eligibility

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**Original Issuance Date:** July 1, 2015

**Last Revision Date:**

### 1. POLICY PURPOSE

The purpose of this policy is to set forth the guidelines for the following:

- Maintaining employee benefit coverage over the summer months for faculty, academic staff, limited appointees, student assistants and employees-in training that are on an academic year contract or on an annual contract that does not include work during one or more summer months.
- Benefit eligibility for employees whose first appointment is a summer service or summer session appointment.
- Administration of benefit changes that occur during a short work break.

### 2. POLICY BACKGROUND

Faculty, academic staff, limited appointees, student assistants and employees-in-training on an academic year contract or on an annual contract that does not include work during one or more summer months who are expected to return to employment on or before the start of the fall semester are eligible to maintain insurance coverage through the summer months by prepaying the benefit deductions. Employees are ineligible for Summer Prepay Deductions when employment is terminated at the end of the spring semester when there is not an expectation to return to an appointment (at any UW institution) for the fall semester and/or the employee does not have a summer appointment.

Prior to 2012, this annual process was referred to as “May Multiples” and all additional benefit deductions were taken from May earnings. Due to an increase in the employee health insurance premium, a decision was made to spread these multiple insurance deductions over the last three pay periods of the spring semester. Beginning in 2012, the reference to this annual process was changed to “Summer Prepay Deductions”.

This policy does not apply to university staff on a summer leave as they are either laid off between work periods or placed on a leave of absence.

This was issued as a University of Wisconsin System Administrative Policy on February 28, 2014. Effective July 1, 2015, the Summer Prepay Deductions and Summer Session Benefits Eligibility will transition from an administrative policy to a UPS Operational Policy.

### 3. POLICY DEFINITIONS

“**Academic or C-Basis Appointments**” are defined as appointments directly tied to the academic year calendar (273 days or 39 weeks).

“**Annual or A-Basis Appointments**” are defined as appointments for the fiscal year paid as determined by the calendar month.

“**Short Work Break**” is defined as an HRS action to denote a period of time when an employee is not working in his/her primary job but is still considered an active employee for benefits purposes. The short work break is attached to the spring appointment, wherever possible.

“**Summer Basis Appointments**” are defined as employment periods between the end of one academic year and the beginning of the next, paid as determined by the institution. This includes both Summer Service “V-Basis” and Summer Session “S-Basis” appointments.

“**Summer Prepay Deductions**” are defined as multiple insurance deductions from the spring semester payroll (deductions taken from the payroll months of March, April and May) to maintain insurance coverage during one or more summer months.

### 4. POLICY

#### A. ELIGIBILITY CRITERIA FOR SUMMER PREPAY DEDUCTIONS

Faculty, academic staff, limited appointees, student assistants and employees-in-training on an academic year contract or on an annual contract that does not include work during one or more summer months who are expected to return to employment on or before the start of the fall semester are eligible to maintain insurance coverage through the summer months and will prepay for summer coverage through benefit deductions on the March, April and May payrolls.

The following employees also qualify for summer prepay deductions:

- Academic “C” basis employees who are terminating UW employment after working a summer service or summer session appointment. These employees are eligible for summer prepay deductions that pay for coverage through the end of their employment.
- Employees who move from an Academic “C” basis to an Annual “A” basis appointment (or vice versa) are eligible to continue benefits between appointments even if the employee does not work during one or more of the summer months.
- Employees in the OT1 employee category may also be eligible for summer prepay deductions if they meet one of the criteria outlined above.

Each institution is responsible for identifying who is eligible for summer prepay deductions based on the criteria set forth in this policy.

If benefit premiums are unable to be collected through payroll via the summer prepay deduction process (i.e. insufficient earnings on March, April, May payrolls), institutions must use benefits billing to collect premiums from eligible employees. Once placed on benefits billing, the employee must remit direct payment in a timely manner to continue coverage.

The expectation to return in the fall for benefit purposes does not constitute a contractual agreement or immediately imply eligibility for the Wisconsin Retirement System (WRS). WRS eligibility needs to be evaluated once the details of the contract are known and mutually agreed upon.

Employment is terminated at the end of the spring semester when there is not an expectation to return to an appointment (at any UW institution) for the fall semester and/or the employee does not have a summer appointment. These employees are ineligible for Summer Prepay Deductions. See section 4 D of this policy for information regarding late termination notices.

## **B. DETERMINING SUMMER PREPAY DEDUCTIONS WITHIN HRS**

The institutions will use the report from HRS along with evaluating employees who would not appear on the HRS annual report to determine employees who will receive summer prepay deductions from the March, April and/or May payrolls each year. A website outlining processing resources for HRS is available in section 5 of this policy.

### **(1) If an employee's academic year appointment is benefits-eligible and the benefits primary flag is attached to that appointment:**

HRS will automatically set up the employee to receive summer prepay deductions. The Service Center will provide a list of these employees to the employing institution for review following the load. The institution must take action to stop or change the summer prepay deductions, if appropriate.

### **(2) If an employee's annual basis appointment is benefits-eligible but the employee will not be working during one or more summer months, and the benefits primary flag is attached to that appointment:**

HRS will not automatically set up the employee to receive summer prepay deductions. The institution must identify these employees, place them on a short work break in HRS for the duration of the summer break and manually set up the summer prepay deductions.

## **C. BENEFIT PLANS SUBJECT TO SUMMER PREPAY DEDUCTIONS**

### ***(1) Summer Prepay Deductions will be taken for the following plans:***

- State Group Health Insurance
- State Group Life Insurance
- EPIC Benefits+
- Dental Wisconsin
- VSP Vision
- Individual and Family Life Insurance
- Accidental Death and Dismemberment Insurance
- UW Employees Inc., Life Insurance
- Income Continuation Insurance (only taken on April and May payrolls)

Prepaid summer deductions mirror the pre/post-tax deduction tax status of deductions during the employment contract period.

Employees subject to imputed income under State Group Health or State Group Life will have additional imputed income applied to each monthly summer prepay deduction.

*(2) Summer Prepay Deductions will not be taken for the following plans:*

- Employee Reimbursement Account (ERA) program
- Tax Sheltered-Annuity (TSA) program
- Wisconsin Deferred Compensation (WDC) program

Employees on an academic year contract will have nine deductions per year for these plans, even if the employee has summer earnings. If the employee would like to have deductions from summer earnings for TSA and/or WDC, institutions must work with the UW Service Center to set up manual deductions.

**D. LATE TERMINATION NOTICE AFTER SUMMER PREPAY DEDUCTIONS TAKEN**

If summer prepay deductions are taken but it is later determined that the employee will not return in the fall or will terminate employment during the summer, a termination date must be entered in HRS and any summer prepay deductions taken for prospective coverage must be refunded.

Benefits should terminate per the plan contract and the applicable continuation/conversion notices sent in a timely manner by the institution.

Institutions shall not enter a retroactive termination date. The termination date entered must be the date the institution is informed of the employment termination, or the date the employee finishes working in a summer appointment, whichever is later.

**E. LATE NOTIFICATION OF SUMMER OR FALL APPOINTMENT –SUMMER PREPAY DEDUCTIONS NOT TAKEN OR REFUNDED DUE TO TERMINATION DATE**

If an employee does not have summer prepay deductions because the employee did not initially meet the eligibility criteria as outlined in section 4A of this policy, but later meets the eligibility criteria AFTER the summer prepay deductions should have taken, the employee's eligibility for insurance coverage during the summer months is outlined in sections (1) and (2) below.

**(1) Notification of Summer or Fall Appointment Received Within 30 Days of Termination Date or COBRA Notice**

If notice of the summer or fall appointment is received within 30 days of the termination date or 30 days after the date the COBRA notice is sent, whichever is later, the employee is eligible for continuous insurance coverage over the summer months.

The institution must rehire the employee to annul the termination and place the employee on a short work break. Benefits must be reinstated to reflect continuous coverage and the employee should be placed on benefits billing to collect premiums for insurance coverage until premium deductions can be resumed through payroll deductions.

**(2) Notification of Summer or Fall Appointment Received More Than 30 Days After Termination Date or COBRA Notice**

If notice of the summer or fall appointment is received more than 30 days AFTER the termination date or more than 30 days after the date the COBRA notice is sent, whichever is later, the employee is not eligible for continuous insurance coverage over the summer

months. This is considered a valid break in employment. The employment termination date will remain as entered in HRS.

Insurance coverage will end per the plan contracts based on the termination of employment. Benefit eligibility will be re-evaluated upon the start of the future appointment. If eligible for benefits upon rehire, the employee must submit new benefit applications within of the applicable deadlines based on the appointment start date.

#### **F. BENEFIT ELIGIBILITY FOR NEW EMPLOYEES HIRED ON SUMMER CONTRACT WHO ALSO HAVE A FALL APPOINTMENT**

**(1) WRS Eligible Fall Appointments** –If an new employee works on a summer contract prior to a WRS-eligible fall appointment, the following applies:

- **Benefits Eligibility:** WRS and benefit eligibility begin the first day of the summer appointment.
- **Benefits Enrollment Period:** All benefit enrollment periods are based on the start date of WRS employment which would be the summer appointment start date. In situations where there is greater than a 30 day break in employment between the summer and the fall appointments, the employee is still eligible for benefits as of the first day of the summer appointment since that is the WRS hire/enrollment date.
- **Expectation Change:** If an employee secures a WRS eligible fall contract while working in a summer appointment, the employee is eligible for benefits when the expectation changes (upon securing the fall contract). If the employee does not have a secured fall employment contract either at the beginning of or during the summer contract, the employee becomes benefits eligible at the start of the fall semester.
- **Premium deductions during Summer Appointment or Employment Breaks:** Employees pay benefit premiums through benefits billing to collect premiums for insurance coverage until premium deductions can be taken through payroll deduction from an Annual “A” basis or Academic “C” basis appointment. Benefit premium deductions are not set up from Summer Service “V-Basis” and/or Summer Session “S-Basis” appointments. If the summer employment benefits coverage period is contained solely within the month of September, the institution may set up a pay line from the September payroll, paid October 1, to collect missed insurance deductions in lieu of using benefits billing.

**(2) Non -WRS Eligible Fall Appointments** - if a new employee works on a summer contract prior to a non-WRS-eligible fall appointment, the following applies:

*If there is a break of fewer than 30 days between summer and fall appointments:*

- **Benefits Eligibility:** If there is less than a 30-day break between the summer and fall appointments, the attributes of the two appointments can be combined to determine benefits eligibility under the Grad Assist/Short-Term Academic benefits package.
- **Benefits Enrollment Period:** If benefit eligibility requirements are met, benefit eligibility begins as of the first day of the summer appointment and all benefit enrollment periods are based on the start date of the summer appointment.

- **Expectation Change:** If an employee secures a benefits-eligible non-WRS fall contract while working in a summer appointment, the employee is eligible for Grad Assist/Short-Term Academic benefits package benefits when the expectation changes, (upon securing the fall contract) provided there is a less than 30 day break between appointments.
- **Premium deductions during Summer “S” Appointment or Employment Breaks:** Employees pay benefit premiums through benefits billing to collect premiums for insurance coverage until premium deductions can be taken through payroll deduction from an Annual “A” basis or Academic “C” basis appointment. Benefit premium deductions are not set up from Summer Service “V-Basis” and/or Summer Session “S-Basis” appointments. If the summer employment benefits coverage period is contained solely within the month of September, the institution may set up a pay line from the September payroll, paid October 1, to collect missed insurance deductions in lieu of using benefits billing.

*If there is a break equal to or greater than 30 days between summer and fall appointments:*

- **Benefits Eligibility:** If there is at least a 30-day break between the summer and fall appointments, each appointment must **individually** meet the requirements under the Grad Assist/Short-Term Academic benefits package.
- **Benefits Enrollment Period:** If eligibility requirements are not met by the summer appointment, benefits eligibility should be reevaluated at the start of the fall appointment.
- **Expectation Change:** Not applicable if there is more than a 30 day break between non-WRS eligible appointments.

#### **G. EMPLOYEE BENEFIT ELECTION CHANGES DUE TO LIFE EVENTS WHILE ON SHORT WORK BREAK**

Institutions should follow the following processing steps for an employee who has pre-paid summer deductions and has a life event (marriage, birth, adoption, etc.) which results in a change in insurance coverage level while on a short work break. Any additional premiums owed would be collected through payroll in the fall or through benefits billing, when the employee is not returning after the summer session. More information on Life Events is available on the UWSA OHRWD website at: <https://www.wisconsin.edu/ohrwd/benefits/famchng/> with administrator resources at: <https://www.wisconsin.edu/ohrwd/admin/benefits/family-changes/>

#### **H. POLICY ADMINISTRATION**

This policy is administered and monitored by the UWSA Office of Human Resources and Workforce Diversity (OHRWD). Policy questions should be directed to UWSA OHRWD Benefits Policy Administration. There may be rare exceptions to the criteria outlined in this policy. The UWSA OHRWD Director or his/her designee will determine if the exceptions are allowable.

#### **5. RELATED DOCUMENTS:**

UWSA OHRWD Policy Website: <https://www.wisconsin.edu/ohrwd/admin/summerprepay/>

#### **6. POLICY HISTORY:**