

## **HEALTH BENEFITS WAIVER**

### **QUESTIONS AND ANSWERS**

**1. What is the health benefits waiver?**

Governor McGreevey recently signed into law a provision that extends permission to the county colleges to provide a stipend if employees waive health benefits under the State Health Benefits Program (SHBP) because they have medical coverage elsewhere. This law was enacted as a cost savings measure for county colleges in response to the extraordinary increases in health benefits premiums over the past few years. The stipend may also provide more value to you than duplicate medical coverage.

**2. Who is eligible?**

All employees who are eligible to participate in the State Health Benefits Program are eligible to participate in this plan.

**3. Under what circumstances may I waive coverage?**

You may waive coverage only if you have health benefits coverage under another health insurance plan.

**4. What is the stipend for waiving health benefits coverage?**

In 2004, the Union County College stipend is as follows:

Employee Coverage:	\$1,541 per year
Employee and Child Coverage:	\$2,213 per year
Employee and Spouse Coverage:	\$3,504 per year
Family Coverage:	\$3,807 per year

**5. What determines the level of my stipend?**

The stipend is based on your eligibility for a given category and as declared on your State Health Benefits Program application.

**6. When does the health benefits waiver provision become effective for 2004?**

The Board of Trustees approved the waiver/stipend provision on January 27, 2004. Waiver stipends can begin as soon as April 1, 2004 for employees whose completed forms are filed with the Division of Pensions and Benefits by March 5, 2004.

**7. How do I waive coverage?**

- If you are currently participating in the SHBP, you may waive your coverage. The stipend will be based on the coverage type you are waiving.
- If you waived coverage previously, you are now eligible to receive a stipend for continuing to waive coverage. You will need to stipulate the health plan under which you are covered and the coverage type for which you are eligible.
- If you are hired after the waiver plan takes effect, you may elect to waive coverage. You are eligible to participate on the first day that you would have been eligible for coverage under the SHBP. Unless otherwise noted in the SHBP, coverage begins on the first day following 2 months of employment.

In all cases, you may exercise a waiver of health benefits if you have other coverage, by completing a SHBP Coverage Waiver/Reimbursement form and a SHBP application.

**8. If I waive coverage, when will my health benefits end?**

If the waiver form is received by the State Health Benefits Bureau by the 5<sup>th</sup> day of the month, the change will take place on the first day of the following month. If the application is received by the State Health Benefits Bureau after the 5<sup>th</sup> day of the month, the change will be delayed by one additional month. For example, if the waiver form is received March 1-5, 2004, the waiver takes effect on April 1, 2004. If the waiver form is received March 6-April 5, 2004, the waiver takes effect on May 1, 2004.

**9. If I waive coverage, when will I receive payment for the stipend?**

The stipend, which is considered taxable compensation, will be paid on a quarterly basis. Stipends will reflect payment for any portion of the quarter during which a waiver is in effect.

**10. Do I need to complete a State Health Benefits Program Coverage Waiver/Reinstatement form each year to continue to waiver coverage?**

No. Your waiver will remain in effect year after year. If your coverage type changes, you will need to complete a new waiver and application during the open enrollment period as designated by the State Health Benefits Program. The change in coverage type will be reflected in your stipend for the following year.

**11. What happens to the stipend payments if I leave Union County College?**

The stipend for the quarter in which you terminate your employment at Union County College will be prorated and paid to you upon separation.

**12. Are there circumstances in which I could not elect to receive the stipend if I am otherwise eligible?**

Yes. In cases of court ordered family health insurance coverage due to divorce or separation, you may be prevented legally from electing a cash payment in lieu of health insurance coverage.

**13. What is the tax rate for the stipend?**

The tax rate is based on the standard tax tables.

**14. Will pension contributions be deducted from the stipend?**

No. The stipend is not considered part of base salary and is not pensionable.

**15. If I waive coverage, will I be able to enroll in the SHBP Retired Group when I retire?**

Yes. To be eligible for the Retired Group, you must be *eligible* for employer-paid health insurance until your retirement date. Filing the waiver with the SHBP confirms your eligibility for coverage.

**16. Will the amount of the stipend change in future years?**

When the Board of Trustees decided to offer a stipend for the waiver of health benefits coverage, it resolved to establish the amount of the stipend based on a calculation using 33% of the average premium of all providers for each category. This number is rounded and used as a flat dollar amount stipend for the year. If the premiums for health coverage go up or down, the stipend would be adjusted accordingly unless and until the Board of Trustees decides to change the basis for determining the stipend or discontinues the plan.

**17. What if I lose my other health insurance coverage?**

The reinstatement form must be filed at the State Health Benefits Bureau by Union County College within 60 days of the loss of other health coverage. If this timetable is followed, the coverage will be retroactive to the date of the loss. If the 60-day time limit has passed and the reinstatement form is received by the Health Benefits Bureau by the 5<sup>th</sup> of the month, the change will take place on the first of the following month.

**18. What if I have waived coverage and continue to want to waive coverage, but my family status changes during the year. Will my stipend be adjusted to reflect my changed family status?**

If your coverage type changes during the calendar year, you will need to complete a new waiver and application during the open enrollment period as designated by the College.

If you anticipate a change of family status such as marriage, birth, or divorce that will occur after the open enrollment and change your coverage type, you still need to complete a new waiver and application during the open enrollment period. The change in coverage type will be reflected in your stipend for the next year.

**19. What if I have waived coverage but my family status changes and I want to reinstate my health benefits coverage?**

You may only reinstate coverage during the calendar year if the status change results in the loss of the other coverage. Both the reinstatement and application forms must be completed within 60 days of the qualifying event. If this timetable is followed, the reinstatement will be retroactive to the date of loss. If the 60-day time limit has passed and the reinstatement form is received by the Health Benefits Bureau by the 5<sup>th</sup> of the month, the change will take place on the first of the following month. If the family status change does not result in loss of coverage, reinstatement would be available through application in the next open enrollment period.

**20. I waived Employee and Spouse coverage. We had a baby and then my spouse lost coverage. Can I now reinstate coverage as Family coverage?**

Yes. As a result of your losing coverage, you may enroll in any coverage for which you are eligible when a change of family status event has occurred.

**21. I waived coverage because I have coverage under my spouse's Traditional Plan. May I reinstate coverage at Union County College if I exceed my individual \$1,000,000 lifetime benefit maximum?**

More than likely you will never exceed the \$1,000,000 lifetime benefit maximum. However, if you do exceed the \$1,000,000 individual lifetime maximum, your spouse may delete you from his/her coverage. You will now be able to reinstate single coverage for yourself.

**22. If I previously waived coverage, what will my stipend be?**

The stipend is based on the waiver of current coverage. If you are not currently participating in the SHBP, you do not have coverage to waive. You must go through the enrollment process before a waiver of coverage can be certified. Unfortunately, you are not eligible to enroll until the next open enrollment period (October) for January coverage. We have confirmed that a waiver form can accompany the enrollment information but the stipend will not be effective until January 1, the effective date of the coverage that you are waiving. Your stipend will be for the amount consistent with the coverage type reflected on your enrollment form.

- 23. I currently have individual coverage because my spouse covers herself and our children. Am I entitled to a family coverage stipend?**

No. You are only entitled to a stipend for the waiver of the coverage you have. Changes to coverage type may be processed during the open enrollment period (October for a January effective date).

- 24. Effective July, I waive my coverage at Union County College to be covered under my spouse's plan. Subsequent to July, the rates for my spouse's plan increase. My spouse and I want to drop that coverage and re-enroll in the SHBP. Does this constitute loss of coverage, which would allow me to reinstate my SHBP coverage immediately?**

Yes. New Jersey law governing the waiver states "an employee who waives coverage shall be permitted to immediately resume coverage if the employee ceases to be covered through the employee's spouse for any reason, including, but not limited to, the retirement or death, of the spouse or divorce." SHBP concurred that they would reinstate coverage as long as there is proof of loss.

- 25. I waived coverage under NJ Plus effective July 2003. I lost my alternate coverage in October 2003. When I reinstate my coverage, may I select a different type of coverage (HMO or traditional plan)?**

Yes.