

# University of Wisconsin

## Health Insurance Premiums Part-time Employees, Partial Unpaid Leaves And Varying Appointment Percents

### Purpose

This policy clarifies premium payments for employees who work part-time, who have varying appointment percents, or who take temporary partial unpaid leaves of absence.

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Questions & Answers

### Statutory references:

Employees must pay the full health insurance premium minus any employer contribution (s. 40.05(4)(a)1., Wis. Stats.).

The employer contribution for "insured part-time employees, including those in project positions as defined in s. 230.27 (1), who are appointed to work less than 1,044 hours per year" is 50% of the employer contribution for full-time employees (s. 40.05(4)(ag)1., Wis. Stats.)

**Note:** 1,044 hours per year is equivalent to 40.05 hours per bi-weekly pay period or 87 hours per month (twelve month basis).

Section 302.B.1.c. of the Department of Employee Trust Funds' (DETF) Health Insurance Employer Administration Manual advises employers to look to the hours the employee is appointed to work, not to the hours s/he actually does work.

Since only Wisconsin Retirement System (WRS)-eligible employees can enroll in the State Group Health Insurance Program all employees who are affected by the less-than-half-time premium provision have established some expectation of continuing University employment (they have stayed or are expected to stay for at least a year). However, because the employee's percent of appointment may vary during the year, eligibility for the full employer contribution rate to health insurance must be evaluated as outlined in this policy paper.

Graduate students and short-term academic appointees who are eligible for the grad/short-term academic health insurance plan have different premium provisions, and this policy does not apply to them.

### Guidelines:

1. Unclassified appointments of 50% or more, both academic year (C-Basis) and annual (A-Basis), qualify for the full employer contribution rate. Classified permanent and project employees with appointments of at least 50% qualify for the full employer contribution rate.
2. By statute most Classified Limited Term (LTE) appointments cannot exceed 1,043 hours in a twelve-month period. A provisional LTE appointment (Section 230.26 (1) Wis. Stats.) could require more hours, depending on the time required to certify a register of candidates for the permanent position.

An LTE with two **successive** appointments may work full-time for a full year, however, they are subject to the less-than- half-time employer contribution rate.

An LTE with more than one **concurrent** appointment--including appointments at different state agencies (Section 302.B.3.b., Group Health Insurance Employer Administration Manual)--qualifies for the full employer contribution rate if the expected annual hours exceed 1,043. The rate must be re-evaluated when any concurrent appointment begins or ends.

3. Tenured faculty must have appointments of at least 50% (s. 36.13(2)(c), Wis. Stats.). This does not preclude them from temporarily reducing their schedules to less than 50% time for a specified period.
4. Temporary changes in work hours for periods of three calendar months or less do not affect the employee's premium rate. If there is a permanent or long-term change (more than three calendar months), the employee's premium rate should be adjusted as of the effective date of the change.
5. Some part-time academic appointments may involve uneven workloads, for example, a half-time appointment that requires teaching three courses in the 1<sup>st</sup> (fall) semester and two courses in the 2<sup>nd</sup> (spring) semester. Where this work pattern is a standard, on-going arrangement, and the annual appointment is for 50% or more, employees qualify for the full employer contribution rate throughout the year.
6. The initial employer premium should reflect the monthly hours of work expected at the time of initial enrollment. If the employee is working less than 50% time when enrolled, the employee qualifies for the full employer contribution rate in the first month that the appointment has a long-term change (more than 3 calendar months), or the employee adds another appointment, such that the employee's Wisconsin Retirement System (WRS) creditable service, based on all active appointments, is expected to total at least 87 hours per month (unclassified) or to average at least 40 hours per bi-weekly pay period (classified). If the employee is receiving the full employer contribution rate but subsequently reduces his or her hours below this threshold, either voluntarily or involuntarily, for a period of more than three calendar months, the employee becomes subject to the less-than half-time employer contribution rate.

7. An Academic year employee who works in the 2<sup>nd</sup> (spring) semester and is expected to return in the following 1<sup>st</sup> (fall) semester will pay the same health insurance rate for the summer months that was paid in the last month of the 2<sup>nd</sup> (spring) semester. Any change in the rate resulting from changes in percent of appointment will take affect with the September payroll for November coverage as outlined in this policy paper.
8. An Academic year employee who normally work 50% or more but whose hours are reduced to less than 50% for a full contract period, is subject to the less-than half-time employer contribution rate for the full contract period (including one summer).

If hours are reduced for one semester, the employee is subject to the less-than-half-time employer contribution rate for the semester only, provided the employee is expected to work at least 50% time in the next regular semester.

### Example 1

Appointment reduced from 100% to 25% for 1<sup>st</sup> semester, then returns to 100% 2<sup>nd</sup> semester.

	2nd Semester			Summer*			1st Semester				2nd Semester	
Payroll Month	Mar	Apr	May*	June*	July*	Aug*	Sep**	Oct**	Nov**	Dec**	Jan	Feb
Coverage Month	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Employer-(ER) paid premium	Full ER	Full ER	Full ER	Full ER	Full ER	Full ER	Less than half time	Less than half time	Less than half time	Less than half time	Full ER	Full ER
Employee-(EE) paid premium	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	Less than half time	Less than half time	Less than half time	Less than half time	<b>Full EE</b>	<b>Full EE</b>

\* May multiple deductions are taken from May payroll for summer months of June, July and August, coverage months of August, September and October. The employee receives the full employer contribution rate during these months.

\*\* Employee becomes subject to less-than-half-time employer contribution rate the 1<sup>st</sup> semester of academic year when the appointment percentage is reduced and remains at this rate until employee returns to full-time employment 2<sup>nd</sup> semester.

## Example 2

Appointment reduced from 100% to 25% during 2<sup>nd</sup> semester and employee expected to return the following 1<sup>st</sup> semester.

	1 <sup>st</sup> Semester		2 <sup>nd</sup> Semester					Summer			1st Semester	
Payroll Month	Nov	Dec	Jan	Feb	Mar	Apr	May	June*	July*	Aug*	Sep	Oct
Coverage Month	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Employer-(ER) paid premium	Full ER	Full ER	Full ER	Less than half time	Less than half time	Less than half time	Less than half time	Full ER	Full ER	Full ER	Full ER	Full ER
Employee-(EE) paid premium	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	Less than half time	Less than half time	Less than half time	Less than half time	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>

- \* Employer premiums resume if employee is expected to return in 1<sup>st</sup> semester of the following academic year and is pre-paying his/her share (if any).
- \*\* Employer contribution rate is changed to less-than-half time rate with the 1<sup>st</sup> semester of the academic year when the appointment percentage is reduced.

## Example 3

Appointment reduced from 100% to 25% beginning the 2<sup>nd</sup> semester and continues into the following 1<sup>st</sup> semester.

	2 <sup>nd</sup> Semester					Summer			1 <sup>st</sup> Semester				2 <sup>nd</sup> Semester	
Payroll Month	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	
Coverage Month	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	
Employer (ER) paid premium	Full ER	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Full ER
Employee (EE) paid premium	<b>Full EE</b>	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	<b>Full EE</b>

Employer contribution rate is changed to less-than-half-time rate with the second semester of the academic year when the appointment percentage is reduced and continued through the summer and following 1<sup>st</sup> semester.

### Example 4

Appointment reduced from 100% to 25% in 1<sup>st</sup> semester and continues into 2<sup>nd</sup> and the following 1<sup>st</sup> semester.

**Calendar Year 1**

	1 <sup>st</sup> Semester					Summer Semester			2 <sup>nd</sup> Semester			
<b>Payroll Month</b>	Jan	Feb	Mar	Apr	May*	June*	July*	Aug*	Sep	Oct	Nov	Dec
Coverage Month	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Employer-(ER)paid premium	Full ER	Full ER	Full ER	Full ER	Full ER	Full ER	Full ER	Full ER	Less than half time	Less than half time	Less than half time	Less than half time
Employee-(EE)paid premium	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	Less than half time	Less than half time	Less than half time	Less than half time

**Calendar Year 2**

	1 <sup>st</sup> Semester					Summer Semester			2 <sup>nd</sup> Semester			
<b>Payroll Month</b>	Jan	Feb	Mar	Apr	May*	June*	July*	Aug*	Sep	Oct	Nov	Dec
Coverage Month	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Employer-(ER) paid premium	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Full ER	Full ER	Full ER	Full ER
Employee (EE) paid premium	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	Less than half time	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>	<b>Full EE</b>

\* May multiples, taken from May payroll for summer months

## Questions and Answers

1. For an academic year employee, what percent of appointment is required to obtain the full employer contribution rate to health insurance?

A 50% appointment suffices, provided the employee is expected to return in the next academic year. The University will report 87 or 88 hours per month of WRS creditable service for 9 months, or 792 hours per year, much less than the 1,044 hours required under s. 40.05 (4)(ag)1., Wis. Stats. However, University General Counsel has found that academic year appointees are not considered to be on leave of absence during the summer, even though they are not compensated. They are presumed to engage in research, professional development, and teaching preparation during the summer. Their normal insurance contribution rate continues during that period.

2. What if an academic year employee has a 100% appointment for one semester and a 0% appointment for the second semester? Isn't that just as good as a 50% appointment for both semesters?

No. Eligibility for the full employer contribution rate is generally determined on a month-by-month basis. If the employee does not work at all during the second semester, s/he is either on a leave of absence or is terminated. The employer continues the full contribution rate for the first three months of a leave of absence only, or stops contributing at the date of termination.

3. What if the employee has a 100% appointment for one semester and a 10% appointment for the second semester? Doesn't that guarantee a full employer contribution to health insurance premium for the entire year?

No. While the employee is working only 10% (17.6 hours per month) on an exceptional basis, s/he only qualifies for the less-than-half-time employer contribution rate. The employer contribution should be reduced when the new work pattern goes into effect and should not increase until the employee is again working at least 50% time (or, for one-semester leaves, in the summer before an expected return to work at 50% time or more).

4. An employee has a 100% University appointment but is temporarily working just 25%. Doesn't that mean that s/he is entitled to the full employer contribution? As DETF states, it does not matter how many hours the employee actually works; what matters is the number of hours the employee is appointed to work.

If the employee has made a formal arrangement with her department to take a partial leave and to reduce his or her work load (and paycheck) to less than 50%, for a period of more than three calendar months, then for purposes of s. 40.05(4)(ag)1., Wis. Stats., s/he is no longer "appointed to work" the hours that s/he has given up.

5. An employee who takes a 100% Leave Without Pay (LWOP) receives three months of full employer contribution rate. Under these rules, an employee who takes a 25% reduced appointment would only get the less-than-half-time employer contribution rate for those same three months. It's not fair!

The three months of employer contribution during a leave of absence are authorized by chapter 40 of the statutes. However, a reduced appointment does not qualify for this benefit under the chapter 40 definition of leave of absence because the employee has not *ceased* to render service and receive earnings. It's true that the employee on a 25% reduced appointment would pay more at first. After the first three months of the leave, however, the employee on a 100% leave would have to pay the entire employer and employee premium while the employee on a 25% reduced appointment would continue to receive the less-than-half-time employer contribution rate. For a one-semester leave, the employee on a less-than-50% reduced appointment will pay more than the employee on full leave. For leaves longer than one semester, the employee on reduced appointment will pay less.

Section 40.02(40), Wis. Stats., defines "Leave of absence" as any period during which an employee has ceased to render services for a participating employer and receives earnings and there has been no formal termination of the employer-employee relationship.

6. How do protected leaves such as military leave, workers' comp, or FMLA enter in? Suppose the employee in question (4) arranges to work 25% for a parental leave?

If an employee is on FMLA, the employer is required to continue health insurance premium payments at the same level as before the leave. Therefore, the employer contribution rate should not change when an employee works part-time due to FMLA-qualifying reasons.

7. After the FMLA entitlement is used up, if the employee continues to be on full or partial leave, the employer contribution rate should be adjusted accordingly. If the employee is completely off the payroll, s/he is responsible for the entire employer and employee premium. During a reduced appointment, that is less than 50% time, the employee receives the less-than-half-time employer rate.

Employees on military leave receive the normal employer rate for the first three months of the leave. Employees on active duty may elect to continue State Group Health Insurance coverage indefinitely by filing ET-2350 and pre-paying the employee share of the premium. The employer share would continue to be paid by the University.

Employees receiving temporary disability benefits through Workers' Compensation continue to receive the same employer health insurance contribution as before the disability (s. 40.05(4)(a)3.b., Wis. Stats.).

8. Should premiums be adjusted retroactively when a change in the percent of appointment is discovered?

No. The benefits/payroll specialist should adjust premiums prospectively when s/he becomes aware of a permanent or long-term change in work-hours. Case-by-case investigation will be needed to rule out special circumstances associated with FMLA, military leave, or worker's compensation.