

**Section:** Employee/Labor Relations

**Section Number:**

4.3.2

**Subject:** Fringe Benefits: Health Insurance

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## POLICY:

### A. Eligibility for Group Coverage

All probationary and regular employees of the University scheduled to work 27 or more hours per week and all members of the faculty and hourly bargaining units are eligible to enroll in the University's group health insurance plan. Part-time faculty bargaining unit members may enroll and premiums will be paid by the University on a pro-rated basis. Full-time, non-union, temporary employees who are authorized to be employed for a period of six (6) months or more, may enroll in the group plan unless covered elsewhere (i.e. under spouse's plan).

Employees (and/or their spouses) reaching age 65 must decide whether they wish to apply for and transfer to Medicare coverage, or whether they will elect to remain in the University group plan with the same coverage as other employees, during the term of their employment.

### B. Enrollment

New employees may enroll and have coverage effective with their date of hire if enrollment forms are completed within thirty (30) days of hire. Employees who fail to apply for group coverage at the time of hire may sign up only during the annual re-opening period in October with coverage effective on December 1.

The hire date for faculty will be the date they are required to attend the first departmental meetings in the fall semester or the first day of classes for the spring semester.

### C. Transfer

A new employee who has been enrolled under a Blue Cross-Blue Shield plan of any state may transfer membership to the University group plan without interruption of coverage. Membership between spouses may be transferred in the same or to another group without interruption of coverage.

### D. Contributions

The University pays the full basic rate of the one-person, two-person or family premium for Blue Cross-Blue Shield of Michigan for all eligible University employees (see A above) unless negotiated otherwise.

Part-time members of the faculty bargaining unit may enroll in the group plan, and will sign a payroll deduction form at the time of enrollment to have the pro-rated premium deducted from their paychecks; or they will sign a waiver card if already covered under another health insurance policy (i.e. spouse's) and do not wish to enroll in the University plan. If payroll deduction is stopped by the enrollee, coverage will automatically be terminated.

Also included in the University's group coverage is the Prescription Drug Rider, which pays for prescription drugs requiring a negotiated co-pay per prescription.

Children reaching age 19 may continue on the family coverage through December 31 of the year in which they become 19 at no cost to the employee. Reduced rider coverage may be provided for a child past 19, partially at the employee's expense, by completing a Family Continuation rider application form and a payroll deduction form for payment of premiums, if the child is:

1. Unmarried, and
2. between the ages of nineteen (19) and twenty-five (25), and
3. a member of the subscriber's household and the subscriber provides more than half of the dependent's support, and
4. related to the subscriber by blood, marriage or legal adoption, and
5. a full-time student for at least five months of the year or received gross income of less than four times the current personal exemption identified by the Internal Revenue Service.

The cost of additional family continuation or sponsored dependent riders is partially paid by the employee and is deducted from the first two paychecks of the month for the coverage beginning the first day of that month. Beginning January 1, 1992, 50% of the family continuation health and 100% of the dental and vision rider cost will be paid by the University for all eligible non-union employees.

### E. Changes in Coverage

Any change in coverage: birth, death, marriage, divorce, must be reported to the Human Resources Office within 30 days of occurrence, and reported to the underwriter. Appropriate forms are available in the Human Resources Office.

Failure by the subscriber to report these changes places liability for loss of coverage, or additional costs, on the individual.

#### F. Termination of University-Paid Coverage

University-paid coverage terminates on the last day of the same month if employment terminates on or before the 15th of any month. University-paid coverage will be continued to the last day of the following month if employment terminates on or after the 16th of any month.

University-paid coverage for faculty members on academic year appointment terminating at the end of the academic year (May) or going on unpaid leave for the following semester, will be extended through August 31 of the year of termination. See Agreement between LSSU and LSSU Faculty Association, MEA-NEA.

#### G. Cash Payments and Election of Continuation of Coverage (COBRA)

1. Cash payments may be accepted from terminated employees or employees on unpaid medical leave, or on unpaid leave of absence, if payment is made prior to the 20th of the preceding month for each month of coverage, for periods listed in (2) below.
2. The option to continue coverage in the group is available, with identical coverage, without proof of insurability, under the same conditions as other group members, by paying the group premium rate, for the following periods:

If elected by employees, for 18 months, if loss of coverage is due to:

- a. reduction in work hours
- b. voluntary termination (quit or retire)
- c. lay-off due to economic reasons
- d. discharge for misconduct (other than gross misconduct)

If elected by dependents, for 36 months, for:

- a. surviving spouses and their children (deceased employee)
- b. children of deceased employees (i.e. single parent) and children of spouses
- c. separated, divorced, or Medicare ineligible spouses, and affected children of current employees
- d. children of current employees who would lose coverage because of their age (i.e. FC or SD Rider)

Election to remain in the group plan must be made within 60 days from the date insurance terminates. Premiums must be paid by the 20th of the prior month, for continuous coverage, and retroactive payments made within 45 days of election of continuous coverage.

3. Persons desiring to make cash payments need to contact the Human Resources Office for assistance before making payment at the Cashier's area.

#### H. Termination of Subscriber-Paid Coverage

The University will terminate Continuation Coverage prior to expiration of the 36 or 18 month optional period if:

1. the health plans provided to any employee are abolished
2. the beneficiary fails to pay the premium
3. The beneficiary becomes eligible for another health plan upon re-employment, remarriage, or attainment of Medicare eligibility.

#### I. Retiree Health Insurance

For employees who retire effective July 1, 1998, or later, Lake Superior State University offers the opportunity for retired staff members and their spouses to continue health, dental and vision insurance benefits as they may be made available by the University. Availability of health insurance benefits to retirees and their spouses is subject to the concurrence of the benefit carriers. An official University retiree is defined as one who has completed ten (10) years of continuous full-time or equivalent part-time service at Lake Superior State University and has met the age and service requirements for retirement as defined under the provisions of the Michigan Public School Employees Retirement System MIP program.

Retirees may participate in the available benefit program only if they are not being provided with a health benefit insurance paid, in whole or in part, by another entity. Application for continued health insurance must be made at the University's Human Resources Office no less than 30 days prior to the effective date of retirement. The retiree is fully responsible for the payment of all premiums in order to maintain coverage. The University will issue guidelines for receipt of payment. Failure to meet those guidelines will mean discontinuance of coverage.

If the retiree precedes a spouse in death, the spouse may continue participation in the health insurance program the University may offer for the period of time the COBRA law allows.

The University reserves the right to:

1. change at anytime the benefit plan or plans offered to retirees;
2. change benefit plan carriers at its discretion, without consultation with the retirees, singularly or as a group, or with any other group acting on behalf of the retiree;
3. set, change or adjust subscription rates and payment schedules, at its discretion; and
4. withdraw or alter eligibility of retirees as participants in any University benefit plan with 180 days notice.