

Office of Human Resources Benefits Services

Leave of Absence Employer Contribution for Insurance Premiums (Academic Year, Seasonal/School Year Employees)

Purpose:

This policy clarifies academic year employees' eligibility for the employer contribution toward State Group Health, State Group Life and Income Continuation Insurance (ICI) during the summer months and periods of leave of absence without pay (LWOP).

The policy and examples do not apply in situations where an employee terminates employment or retires. In these cases, the employee/employer relationship terminates, resulting in termination of active employee insurance coverage based on the date employment terminates.

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Statutory references:

The employer contribution to health insurance premiums continues for the first three months of a leave of absence (s. 40.05(4)(a)3., Wis. Stats.).

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

"Employees whose services are not required at institutions or schools during a summer recess shall be considered to be on leave of absence without pay" (s. ER 18.14 (2) (c), Wis. Admin. Code). Seasonal employees may, at the discretion of the employer, be laid off between work periods (s. ER-MRS 22.12(1), Wis. Admin. Code). DER rules apply to classified employees (unless the collective bargaining agreement states otherwise) but *not* to unclassified employees of the University of Wisconsin.

Guidelines for seasonal and school year employees

1. Summer recess. Classified employees who regularly work only during the school year are considered to be on leave of absence during the summer. Their rights during the summer are the same as for any other classified employee during an unpaid leave of absence:
 - a) **Health Insurance.** The employer contribution continues for the first three months of the leave. Special conditions such as Family Medical Leave Act (FMLA) leave, active military service or Workers' Compensation temporary disability payment may entitle the employee to more months of employer contribution to health premium; thereafter, the employee must pre-pay the entire premium (maximum of 36 months).
 - b) **State Group Life Insurance.** The employer contribution continues for up to 36 months, as long as the employee pre-pays the employee share.
 - c) **ICI.** The employer contribution to ICI premium continues for the first three months of the leave; thereafter the employee must pre-pay the entire premium (maximum of 36 months).
 2. Seasonal employees' temporary layoff or leave of absence. Seasonal employees' rights while off work are the same as for all other classified employees who are on an unpaid leave of absence (see above). In addition, if an employee is on temporary layoff for more than three months--although this is unlikely--he or she may use accumulated sick leave credits to pay health insurance premiums after the first three months of leave.
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Guidelines for Academic Year Unclassified Employees

1. Semester breaks. Academic year employees who work during the regular semester(s) are on payroll during any breaks during or between semesters and therefore are entitled to employer contribution toward the state group insurance plans at those times.
2. Summer recess. During the summer, academic year employees who worked or were on a one-semester leave of absence during the second (spring) semester and have or are expected to have a contract for the first (fall) semester are not considered to be on a leave of absence as defined in s. 40.02(40), Wis. Stats. Benefit managers should consult with the institution's academic personnel officer to determine the likelihood of an academic year employee receiving a contract for the first semester, when one is not in place prior to the summer break. That determination may include reviewing past employment patterns and whether there is a reasonable expectation that a contract will be forthcoming. The standard terms of their employment generally do not include compensation during the summer but they do render services to the University during the summer without earnings. They are therefore entitled to the employer contribution toward the state group insurance plans as if they were in pay status.

3. Sabbaticals under s. 36.11(17), Wis. Stats. Academic year employees who are awarded a one-semester or academic year sabbatical by the Board of Regents continue to have service and earnings reported to the WRS. The employer contributions to insurance premiums also continue.
4. Leaves of absence. Employees who take a one-semester leave are considered to be on leave for that semester but not for the summer preceding or following the leave (see Examples 1 and 2). These employees will be responsible for the employer contribution to health and ICI premiums for one month.

Academic year unclassified employee paid 9 months of the year (C-Basis) who are off the payroll for an entire academic year, or for the second semester and the following first semester have ceased rendering services for an entire contract period, i.e. for a whole fiscal or calendar year, including one summer. These employees will be responsible for employer contributions for health and ICI premiums for eight months (see examples 3 and 4).

Employees who are on leave from an academic year contract and who secure a summer session appointment prior to return to the academic year contract do not become eligible for the employer contribution until resumption of the academic year contract. For WRS-related benefits, a leave of absence is not considered ended until the employee has returned to work for 30 calendar days at a minimum of 50% of his or her normal work load (s. 40.02(40), Wis. Stats.). If the employee let insurances lapse during the leave of absence and returns to work during the summer for more than 30 days at more than 50% of his/her permanent appointment, the deadline to re-enroll in the plans is 30 days after the return to work.

A leave of absence of three years or less does not affect the employer contribution to State Group Life premiums. The employer contribution continues, provided the employee pre-pays the employee share. If the employee does not pre-pay, coverage lapses at the end of the last month for which premiums were paid. The employee can re-enroll by applying within 30 days of returning to work.

5. Employer contribution resumes. If an employee is returning to work from an unpaid leave of absence and the employer's contribution for health insurance has ended, the employer contribution will typically resume for the coverage month that starts on or after the date of the return to work.
6. Partial unpaid leaves of absence. A temporary reduction in hours of work may result in a change in the employer contribution to health insurance premiums.

Example 1: Approved LWOP for the first semester of the academic year

| | 2 nd Semester | | | Summer | | | 1 st Semester | | | | 2 nd Semester | |
|-----------------------|--------------------------|------|------|--------|------|------|--------------------------|------|------|----------------|--------------------------|------|
| Payroll Month | Mar | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
| Coverage Month | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
| Employer paid premium | Both | Both | Both | Both | Both | Both | Both | Both | Both | None | Both | Both |
| Employee paid premium | | | | | | | | | | Entire Premium | | |

Health Insurance

- Premiums are deducted one month in advance.
- Additional premiums are deducted for coverage over the summer.
- The employee receives employer contribution for September, October and November (*October, November and December coverage*) provided the employee pays the employee share of the premiums.
- The employee is responsible for the entire premium for December (*January coverage*).
- Employer contribution resumes with the January payroll deduction.

State Group Life Insurance

- Premiums are deducted one month in advance.
- Additional premiums are deducted for coverage over the summer.
- The employee receives employer contribution for September, October, November and December (*October, November, December and January coverage*) provided the employee pays the employee share of the premiums.
- Regular payroll deductions resume with the January payroll.

Income Continuation Insurance

- Premiums are deducted for the current month of coverage.
- Additional premiums are deducted for coverage over the summer.
- The employee receives employer contribution for September, October and November (*September, October and November coverage*) provided the employee pays the employee share of the premiums.
- The employee is responsible for the entire premium for December (*coverage month December*).
- Regular payroll deductions resume with the January payroll.

If the employee does not pay the employee share of premiums for Health, State Group Life and/or ICI, coverage lapses. The employee must submit applications within 30 days of returning to work. Coverage would be effective the first of the month following receipt of application(s).

Example 2: Approved LWOP for the second semester of the academic year

| | 1 st Semester | | 2 nd Semester | | | | | Summer | | | 1 st Semester | |
|-----------------------|--------------------------|------|--------------------------|------|------|------|----------------|--------|------|------|--------------------------|------|
| Payroll Month | Nov | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Oct |
| Coverage Month | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov |
| Employer paid premium | Both | Both | Both | Both | Both | Both | None | Both | Both | Both | Both | Both |
| Employee paid premium | | | | | | | Entire Premium | | | | | |

Typically, the employee will be off payroll from mid-January to mid-August, and will be expected to return to payroll status at the start of the first semester of the following academic year following the leave.

Health Insurance

- Premiums are deducted one month in advance.
- Additional premiums are deducted for coverage over the summer.
- The employee receives employer contribution for February, March and April (*coverage months March, April and May*) provided the employee pays the employee share of the premiums.
- The employee is responsible for the entire premium for May (*June coverage*).
- Employer contribution resumes with the September payroll deduction.

State Group Life Insurance

- Premiums are deducted one month in advance.
- Additional premiums are deducted for coverage over the summer.
- The employee receives employer contribution for February through August (*coverage months March through September*) provided the employee pays the employee share of the premiums.
- Regular payroll deductions resume with the September payroll.

Income Continuation Insurance

- Premiums are deducted for the current month of coverage.
- Additional premiums are deducted for coverage over the summer.
- The employee receives employer contribution for February, March and April (*coverage months February, March and April*) provided the employee pays the employee share of the premiums.
- The employee is responsible for the entire premium for May (*coverage month May*).
- Employer contribution resumes in June, provided the employee pays the employee share of the premium.

If the employee does not pay the employee share of premiums for health, State Group Life and/or ICI, coverage lapses. The employee must submit applications within 30 days of returning to work. Coverage would be effective the first of the month following receipt of application(s).

Example 3: Approved LWOP beginning with the second semester and extending through the following first semester

| | 2 nd Semester | | | | | Summer | | | 1st Semester | | | | 2 nd Semester |
|-----------------------|--------------------------|------|------|------|----------------|--------|------|------|--------------|-----|-----|-----|--------------------------|
| Payroll Month | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Oct | Nov | Dec | Jan |
| Coverage Month | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb |
| Employer paid premium | Both | Both | Both | Both | None | | | | | | | | Both |
| Employee paid premium | | | | | Entire Premium | | | | | | | | |

The employee will be off payroll for twelve months usually beginning in mid-January, and will be responsible for both employer and employee shares of health and income continuation insurance premiums for eight months.

Health Insurance

- Premiums are deducted one month in advance.
- The employee receives employer contribution for February, March and April (*coverage months March, April and May*) provided the employee pays the employee share of the premiums.
- The employee is responsible for the entire premium each month thereafter, May – December (*coverage months June – January*).
- Employer contribution resumes with the January payroll deduction.

State Group Life Insurance

- Premiums are deducted one month in advance.
- The employee receives employer contribution for February – December (*coverage months March – January*) provided the employee pays the employee share of the premiums.
- Regular payroll deductions resume with the January payroll deduction.

Income Continuation Insurance

- Premiums are deducted for the current month of coverage.
- The employee receives employer contribution for February, March and April (*coverage months February, March and April*) provided the employee pays the employee share of the premiums.
- The employee is responsible for the entire premium each month thereafter, May – December (*coverage months May – December*).
- Employer contribution resumes with the January payroll deduction.

If the employee does not pay the employee share of premiums for health, State Group Life and/or ICI, coverage lapses. The employee must submit applications within 30 days of returning to work. Coverage would be effective the first of the month following receipt of application(s).

Example 4: Approved LWOP for a full academic year (first and second semesters)

| Calendar Year 1 | | | | | | | | | | | | |
|-----------------------|--------------------------|------|------|------|------|--------|------|------|--------------|------|------|----------------|
| | 2 nd Semester | | | | | Summer | | | 1st Semester | | | |
| Payroll Month | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
| Coverage Month | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan |
| Employer paid premium | Both | Both | Both | Both | Both | Both | Both | Both | Both | Both | Both | None |
| Employee paid premium | | | | | | | | | | | | Entire Premium |

| | Calendar Year 2 | | | | | | | | | | | |
|-----------------------|--------------------------|-----|-----|-----|------|--------|------|------|--------------|------|------|------|
| | 2 nd Semester | | | | | Summer | | | 1st Semester | | | |
| Payroll Month | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
| Coverage Month | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan |
| Employer paid premium | None | | | | | | | | Both | Both | Both | Both |
| Employee paid premium | Entire Premium | | | | | | | | | | | |

In this example, the employee is assumed not to have a summer contract in either calendar year 1 or 2. S/he is off payroll for fifteen months. In order to continue coverage, the employee must pay both the employer and employee contributions for Health and ICI for nine months.

Health Insurance

- Premiums are deducted one month in advance.
- Additional premiums are deducted for coverage over the summer in Calendar Year 1.
- The employee receives employer contribution for September, October and November (*coverage months October, November and December*) provided the employee pays the employee share of the premiums.
- The employee is responsible for the entire premium each month thereafter, December – August (*coverage months January – September*).
- Employer contribution resumes with the September payroll deduction.

State Group Life Insurance

- Premiums are deducted one month in advance.
- Additional premiums are deducted for coverage over the summer in Calendar Year 1.
- The employee receives employer contribution for September – August (*coverage months October – September*) provided the employee pays the employee share of the premiums.
- Regular payroll deductions resume with the September payroll deduction.

Income Continuation Insurance

- Premiums are deducted for the current month of coverage.
- The employee receives employer contribution for September, October and November (*coverage months September, October and November*) provided the employee pays the employee share of the premiums.
- The employee is responsible for the entire premium each month thereafter, December – August (*coverage months December – August*).
- Employer contribution resumes with the September payroll deduction.

If the employee does not pre-pay Health, State Group Life and/or ICI premiums, then the re-enrollment rules for the plans apply. The employer must receive applications within 30 days of returning to work.

Example 5: LWOP followed by termination

| | 2 nd Semester | | | | |
|-----------------------|--------------------------|------|------|------|----------------|
| Payroll Month | Jan | Feb | Mar | Apr | May |
| Coverage Month | Feb | Mar | Apr | May | June COBRA |
| Employer paid premium | Both | Both | Both | Both | None |
| Employee paid premium | | | | | Entire Premium |

An academic year employee who does not have an on-going appointment or the expectation of a contract renewal is not entitled to employer premium contributions during the summer. The employee would terminate in May, at the end of the academic year.

Health Insurance

- Premiums are deducted one month in advance.
- The employee receives employer contribution for February, March and April (*coverage months March, April and May*) provided the employee pays the employee share of the premiums.
- Coverage would end on May 31, the end of the month in which the employee terminates employment. The employee would be eligible for COBRA.

State Group Life Insurance

- Premiums are deducted one month in advance.
- The employee receives employer contribution for February, March, April and May (*coverage months March, April, May and June*).
- Coverage terminates at the end of the month following the month employment terminates.

Income Continuation Insurance

- Premiums are deducted for the current month of coverage.
- The employee receives employer contribution for February, March and April (*coverage months February, March and April*) provided the employee pays the employee share of the premiums.
- The employee is responsible for the entire premium for May (*coverage month May*).
- Coverage ends in May on the date the employee terminates.