Local Subdivision Handbook and Application

South Carolina insurance benefits program

January 2017

Dear colleague:

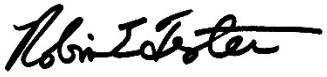
Section 1-11-720 of the 1976 South Carolina Code of Laws, as amended, makes specified local government organizations eligible to participate in the State of South Carolina Group Health Benefits Plan and related insurance benefits programs (collectively, the insurance benefits program). If your organization is an eligible group, PEBA welcomes your interest in our program.

We have developed a benefits package we feel meets an employee's insurance needs. Our office is responsible for the wide variety of tasks related to the benefits program, including development, solicitation and management of contracts relating to PEBA's insurance benefits programs; selection and monitoring of third-party claims processors; monitoring the plans for compliance with federal and state laws; handling appeals according to the terms of the plans; determination of enrollment and eligibility issues, including regular auditing; developing informational materials and publications; answering questions and resolving issues for subscribers, benefits administrators, and participating employers; maintaining the enrollment and billing systems; and performing statistical analysis of enrollment and claims data.

I can assure you that all functions will be performed competently and professionally. We have a strong customer service orientation that includes a comprehensive training curriculum for benefits administrators, and we are dedicated to managing the program in accordance with state law and sound insurance business practices. While we work to maintain a program that is attractive and popular with employees, we are cognizant of the limited resources available to government. We believe our rates compare favorably to premiums charged elsewhere for similar coverage. We are constantly examining ways to make the program even more cost effective.

If you have any questions about the program, please feel free to call the Customer Contact Center at 888.260.9430 or email Field Services at fieldservices.insurance@peba.sc.gov. Thank you for your interest in the state insurance benefits program.

Sincerely,



Rob Tester
Insurance Policy Director

Getting started

Thank you for your interest in becoming part of the State of South Carolina Group Health Benefits Plan and related benefits programs (collectively, the insurance benefits program). PEBA manages the program. Information in this handbook will help you determine whether your local subdivision is eligible to enroll in the program, understand the requirements and conditions for participation, and complete and submit an application. For more information, see the Frequently Asked Questions on Pages 29-32.

- A local subdivision or entity is any employer other than a state agency or public school district that has the South Carolina General Assembly's approval to participate in the state insurance benefits program. An eligible local subdivision's decision to participate in the state insurance benefits program is voluntary, and the appropriate governing board or council must authorize it.
- After reviewing the eligibility and participation requirements, if your local subdivision wishes to enroll in the program, complete the application and send it to PEBA at least 120 days before the date you wish your coverage to take effect. Your group's effective date of enrollment will be at least 120 days from the date PEBA approves your completed application. The 120 days does not begin until your application is complete, including authorization from your governing board or council. Be sure to make a copy of your application and keep it with this handbook for your reference. Upon approval of your application, PEBA will send an approval letter, and a Field Services representative will contact you to discuss how to enroll your employees.
- After your local subdivision is enrolled, PEBA staff in Columbia will answer your billing and enrollment questions. PEBA also offers free training for your benefits administrator (BA). All BAs are strongly encouraged to attend this training.

PEBA is ready to help you complete your application and answer your questions about the state insurance benefits program. Call the Customer Contact Center at 888.260.9430.

Are you eligible?

Since 1985, the General Assembly has extended voluntary participation in the state insurance benefits program to certain local subdivisions. To be eligible, a public entity in South Carolina must fall within one of the established categories under Section 1-11-720 of the 1976 S.C. Code of Laws, as amended.

Local governmental subdivisions eligible to participate in the state insurance benefits program include:

- Alcohol and other drug abuse agencies
- Community action agencies
- Councils on aging
- Counties
- Disabilities and special needs boards
- Municipalities
- Recreation commissions
- Regional tourism promotion commissions
- Regional transportation authorities
- Housing authorities
- Soil and water conservation districts
- Cooperative educational service centers
- Special purpose districts providing gas, water, fire, sewer, recreation, solid waste collection or hospital services

- Certain other organizations specified in the statute.

The statute also requires a public entity (1) to participate for a minimum of four years and (2) to comply with the program requirements established by PEBA.

Benefits programs

The state insurance benefits program offers a variety of coverages to active employees, retirees, and survivors. The health, dental, Basic Life, and Basic Long Term Disability (BLTD) plans are the core benefits, and the participating local subdivision must pay a minimum contribution for each employee enrolled in those coverages. The employee-pays-all coverages include Dental Plus, the State Vision Plan, Optional and Dependent Life Insurance, Supplemental Long Term Disability (SLTD), and the MoneyPlus tax-favored spending accounts. Health, dental, Dental Plus, and vision benefits are available to retirees and survivors.

The local subdivision must offer all eligible active and retired employees the entire package of state insurance benefits for which they are eligible, and it must allow eligible employees and retirees to refuse all or any part of the benefits package. Employers may not offer products and programs that PEBA already offers. Please refer to the chart on Pages 33-34 for more information.

The Vision Care Discount Program is available at no charge to all active employees, retirees, survivors, COBRA participants, and their dependents, regardless of coverage under the state insurance benefits program. PEBA also provides wellness benefits to help employees and their families lead healthier lives through disease prevention, early detection of disease, disease management, and health promotion.

State Health Plan and other health coverage

The State Health Plan (SHP) provides extensive medical coverage. The three SHP options, the Savings, Standard, and Medicare Supplemental plans, are preferred provider plans. The Savings Plan is a tax-qualified, high-deductible health plan. Eligible subscribers who enroll in the Savings Plan, and who are not covered by any other health plan that is not a high-deductible health plan, including Medicare, may establish a Health Savings Account (HSA). An HSA can be used to pay qualified medical expenses now and in the future. A State Health Plan subscriber who has single coverage and uses tobacco will pay a $40 monthly surcharge. A subscriber with subscriber/spouse, subscriber/children, or full-family coverage will pay a $60 monthly surcharge if anyone on the coverage uses tobacco. Subscribers can avoid paying the surcharge by certifying no one covered uses tobacco or the covered individuals using tobacco have completed a tobacco cessation program approved by PEBA.

The TRICARE Supplement is available to members of the military community who are not eligible for Medicare. The plan is secondary coverage to TRICARE, and it pays the subscriber's share of covered medical expenses under the TRICARE Prime, Extra, and Standard options.

Note: An eligible employee who refuses State Health Plan coverage or elects the TRICARE Supplement also forfeits Basic Life ($3,000) and BLTD benefits. The employee still may enroll in any of these plans: State Dental Plan, Dental Plus, State Vision Plan, Dependent Life, Optional Life, Supplemental Long Term Disability, and MoneyPlus.

State Dental Plan

Eligible employees who enroll are covered at no cost to the employee. Subscribers may cover dependents for a monthly premium. Subscribers may refuse the health plan and still participate in the dental plan.

Dental Plus

Dental Plus provides a higher level of reimbursement for the dental services covered under the State Dental Plan. A subscriber must participate in the State Dental Plan to be eligible to enroll. Subscribers must cover the same family members under Dental Plus that they cover under the State Dental Plan.

State Vision Plan and Vision Care Discount Program

The State Vision Plan is available to benefits-eligible employees, retirees, survivors, permanent, part-time teachers, COBRA subscribers, and their eligible dependents. Subscribers pay the premium without an employer contribution. Subscribers do not have to be enrolled in a health plan.

The Vision Care Discount Program offers discounted vision care service to full-time and part-time employees, retirees, survivors, and COBRA subscribers, as well as their family members. Providers throughout the state have agreed to charge no more than $60 for a routine, comprehensive eye exam and give a 20 percent discount on all eyewear except disposable contact lenses. Subscribers do not have to be enrolled in a health plan.

Basic Life and Optional Life

The local subdivision pays the entire premium for a $3,000 Basic Life Insurance benefit to all eligible employees younger than age 70 and $1,500 to eligible employees age 70 and older. The employee must be enrolled in a state health plan to be eligible. Accidental death and dismemberment benefits equal to the employee's amount of Basic Life Insurance will be paid for active employees in the event of either occurrence.

Participation in the Optional Life Insurance Program with Accidental Death and Dismemberment Coverage is on a voluntary basis. The employee pays all premiums with no employer contribution. Optional Life premiums are determined by the employee's age on the preceding December 31 and the amount of insurance selected.

Basic Long Term Disability (BLTD) and Supplemental Long Term Disability Insurance (SLTD)

The local subdivision pays the entire premium for Basic Long Term Disability (BLTD) coverage for each eligible employee enrolled in a health plan. The BLTD Plan is a self-funded disability plan belonging to the state of South Carolina. It helps protect a portion of the employee's income if he becomes disabled as defined by the plan.

PEBA offers an optional, fully insured disability insurance plan, Supplemental Long Term Disability Insurance (SLTD), which provides additional protection.

Flexible Benefits Plan (IRS Code Sections 105, 125, 129 and 223)

MoneyPlus, the state of South Carolina's flexible benefits program, is available under Sections 105, 125, 129, and 223 of the Internal Revenue Code to active employees of state agencies, school districts, and participating local subdivisions. This program allows employees to

save money by using pretax dollars to pay their state-offered health, dental, vision, and Optional Life Insurance premiums (for coverage up to $50,000). In addition, employees may establish pretax accounts to pay for dependent care and non-reimbursed medical expenses (including deductibles and coinsurance).

Employee participation in the flexible benefits program is voluntary. The employer deducts a pretax monthly administrative fee for each feature selected and forwards MoneyPlus contributions and fees to the state's flexible benefits administrator, currently WageWorks, Inc.

A local subdivision is not prohibited from developing or implementing a separate cafeteria plan for its employees to provide additional, different benefit options not offered under the state insurance benefits program. A local subdivision is prohibited from offering to its benefits-eligible employees an insurance plan that is available through the state insurance benefits program, including but not limited to a group health, dental, vision, life, accidental death and dismemberment, or disability insurance plan. In addition, a local subdivision that develops or implements a separate cafeteria plan must provide a copy of the cafeteria plan to PEBA upon enrollment in the state insurance benefits program or upon development of that separate cafeteria plan, whichever occurs later. Benefits not offered through the state insurance benefits program may not be deducted pretax through the state's flexible benefits plan or its administrator.

The four MoneyPlus features are:

- Pretax Group Insurance Premium Feature: An employer automatically enrolls an active employee who pays health, dental, vision, or Optional Life premiums in this feature. The employee may decline to participate at enrollment. Health, dental, vision, and Optional Life premiums (for coverage up to $50,000) are deducted pretax from the employee's salary. Ex-spouse coverage is not eligible for pre-tax premiums. Therefore, effective January 1, 2016, an employee covering an ex-spouse on any benefit will not be eligible for pretax treatment of premiums. This does not affect the member's eligibility to participate in a Medical Spending Account or Dependent Care Spending Account.
- Dependent Care Spending Account: Allows an eligible employee to set aside up to a maximum of $5,000 pretax annually, depending on tax-filing status, to pay qualified dependent day-care expenses. The maximum for highly compensated employees is $1,700.
- Medical Spending Account: Allows an eligible employee to set aside up to $2,600 pretax annually for eligible medical expenses. A payment card, the myFBMC Card® Visa® Card, is available to draw funds from a MoneyPlus MSA to pay eligible medical expenses.
- Health Savings Account: Allows an eligible employee enrolled in the Savings Plan to make pretax contributions to a Health Savings Account at Optum Bank. In 2017, the contribution limits are $3,400 for a subscriber with individual coverage and $6,750 for a subscriber with spouse or family coverage levels.

Participation requirements

All eligible local subdivisions approved to participate in the state insurance benefits program are required to agree and adhere to the Contract Governing the Participation of Entities Approved by the General Assembly to Join the State of South Carolina Group Health Benefits Plan & Related Benefits Programs on Pages 12-16. Here are some highlights from the document. Be sure to read this handbook and the entire contract carefully.

An eligible local subdivision agrees to:

- Participate in the state insurance benefits program for at least four years. A local subdivision that has participated in the state insurance benefits program for at least four years may elect to leave by notifying PEBA in writing 90 days before withdrawal from the program. Any local subdivision that withdraws or has its coverage terminated must wait at least four years from its termination date to apply to re-enter the program.
- Designate a benefits administrator to handle enrollment, communications, distribution of materials, PEBA inquiries, and collection and remittance of insurance premiums. This contact person also must reconcile the monthly bill; process all enrollment additions, changes, and deletions; forward enrollment information to PEBA in a timely manner; and maintain ongoing management of the employer's benefits administration. Understanding the many aspects of the state insurance benefits program is an important part of the benefits administrator's role. The benefits administrator for a new group should contact PEBA to enroll in classes for benefits administrators. These classes are free and are held at PEBA's office in Columbia. In addition to insurance benefits training classes, PEBA sponsors a conference each August/September that provides opportunities for benefits administrators from across the state to meet, share ideas, and receive updates on benefits plan changes for the coming year.
- Ensure that all enrolled employees, retirees, and their dependents meet the PEBA and statutory eligibility requirements for coverage. Eligibility requirements for coverage, outlined in the *Insurance Benefits Guide*, are governed by state statute and other governing documents, such as the *Plan of Benefits*. The local subdivision must ensure that all covered employees, retirees, and dependents meet the eligibility guidelines established by PEBA, and as set forth in Sections 1-11-710, -720, and -730 of the 1976 S.C. Code of Laws, as amended.

Generally, to be eligible to enroll in the benefits plans PEBA offers, an employee of a participating local subdivision must work an average of at least 30 hours per week. However, an employer may exercise a one-time, irrevocable election making the definition of full-time at least 20 hours per week. Elected members of participating county and city councils whose members are eligible to participate in one of the retirement systems administered by PEBA are considered full-time employees for the purposes of the Plan. Members of other governing boards are not eligible.

At its initial enrollment, the local subdivision must make a good faith effort to inform and notify all eligible retired and terminated

employees, as well as dependents of deceased employees and retirees, of their right to participate in the state insurance benefits program.

Enrollment elections made by the local subdivision's eligible subscribers become effective on the group's initial enrollment date. Any changes to these elections must be made within 31 days of the group's initial enrollment. After that, employees may only add or drop health or vision coverage for themselves or their eligible dependents during the October enrollment period. Employees may add or drop dental coverage for themselves or their eligible dependents only during the October enrollment periods of odd-numbered years. Some changes may be made within 31 days of a special eligibility situation (marriage, birth, adoption or placement, or gain or loss of other coverage), depending on the situation. These rules are explained in detail in the *Benefits Administrator Manual*.

A subscriber must provide copies of documents proving the eligibility of each family member enrolled during initial enrollment, open enrollment, or as a result of a special eligibility situation.

A local subdivision may not impose a waiting period before enrolling a newly hired full-time employee for benefits, even if the local subdivision considers him in "probationary" or similar status. Enrollment forms must be completed and signed within 31 days of the date of hire. Coverage begins as follows:

- If the employee's first scheduled workday is on the first calendar day of the month, coverage begins that day.
- If the employee's first scheduled workday is on the first working day of the month (first day of the month that is not a Saturday, Sunday, or observed holiday), but not on the first calendar day of the month (for example, he begins on the 2nd or 3rd of the month), then the employee may choose when coverage starts: the first calendar day of that month or the first calendar day of the next month.
- If the employee's first scheduled workday is after the first calendar day and after the first working day of the month, coverage will start the first calendar day of the following month.
- If a part-time, variable-hour, or seasonal employee is determined at the end of his initial measurement period to be eligible for benefits, coverage will start the first calendar day after the end of his initial administrative period. Refer to the *Affordable Care Act Frequently Asked Questions* for more information.

If you cannot determine the person will be a full-time employee, you may measure his hours from the date of his hire to one year to determine if he averaged more than 30 hours a week. If so, offer benefits at that time.

The complete text of the eligibility and enrollment provisions for health coverage is in Article 3 of the *Plan of Benefits*.

After its enrollment, the local subdivision must notify employees, retirees, and dependents of their rights concerning continued health, dental, and vision coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

The local subdivision must offer its eligible individuals the entire package of state insurance benefits and allow individual employees to refuse all or any part of the benefits package. All eligible individuals must have the opportunity to enroll in, and select the level of coverage desired in, any of the coverages provided in the state insurance benefits program, which are listed in the chart below.

Full-time employees	Retirees and survivors[2]	COBRA participants
Health	Health	Health
Dental	Dental	Dental
Dental Plus	Dental Plus	Dental Plus
State Vision Plan	State Vision Plan	State Vision Plan
Basic Life	Vision Care Discount Program[3]	Vision Care Discount Program[3]
Optional Life		MoneyPlus[4]
Dependent Life		
Basic Long Term Disability		
Supplemental Long Term Disability[1]		
MoneyPlus		
Vision Care Discount Program[3]		

[1]*Available to active permanent full-time employees*

[2]*Some benefits are subject to conversion or continuation at retirement.*

[3]*The Vision Care Discount Program is a discount plan, not insurance coverage, so enrollment is not necessary.*

[4]*The MoneyPlus Medical Spending Account is available to COBRA participants subject to limitations.*

The local subdivision must contribute, for its active employees, no less than the same percentage the state contributes toward the total premiums[1] for active employees of state agencies and public school districts. This means that the participating local subdivision must contribute at least the base amounts listed below for each benefits eligible active employee, based on the level of coverage the employee selects:

	Employee only	Employee/spouse	Employee/ children	Full family
Health[2]	$362.98	$718.98	$557.10	$900.18
Dental	$13.48	$13.48	$13.48	$13.48
Life	$0.28	$0.28	$0.28	$0.28
Long term disability[2]	$3.22	$3.22	$3.22	$3.22
Administrative fee	$3.00	$3.00	$3.00	$3.00
Total	**$382.96**	**$738.96**	**$577.08**	**$920.16**

[1]Premiums are subject to change each year.
[2]Required contribution for health insurance premiums may be greater due to experience rating.

Local subdivisions covered by PEBA are subject to experience rating of health insurance premiums.* These groups are separated into three categories for experience rating: Small groups, with fewer than 100 covered lives; medium groups, with 100 to 500 covered lives; and large groups, with more than 500 covered lives. When new optional employers enroll in the state insurance benefits program, their health premiums are rated according to the average claims experience of other employers in their category. The rate, or load factor, assigned remains in effect until they have incurred enough claims to be rated using the same formula as other groups in their category. The load factor is capped at 50 percent. Local subdivisions are notified annually of their assigned experience rating for the next year well in advance of the start of the plan year. Click here for a history of load factors.

**The 2017 percentage increase due to experience rating for new groups enrolling for an effective date in 2017 are: Small: 0.5 percent; Medium: 0 percent; Large: 0 percent; Disabilities and Special Needs Boards: 6 percent.*

The employer may NOT pass along any portion of the required minimum employer contribution to an employee, nor can it prohibit employees from selecting among the categories available. For example, an employer cannot mandate that it will pay for coverage for the employee-only and require the employee to pay the remaining employer portion for full family coverage. A local subdivision may elect to contribute more than the minimum required amounts, which include the experience rate for health premiums. The active employee premiums for health and dental coverage listed in the *Insurance Benefits Guide* are based on the employer making the minimum contributions shown above. If your local subdivision wants to make additional contributions, you must develop your own employee premium tables by deducting the additional contribution from the premiums in the *Insurance Benefits Guide* to reflect the lower amount your employees pay.

The local subdivision's required contributions provide dental, Basic Life, and Basic Long Term

Disability coverage at no cost to the employee. If the employee wishes to obtain dental coverage for eligible dependents, the employee pays the additional amount listed in the active employee rate table in the *Insurance Benefits Guide* for that coverage. For health insurance, the employee may choose the SHP Savings or Standard plan, or the TRICARE Supplement Plan. The employee then pays the additional premium listed in the *Insurance Benefits Guide*. SHP subscribers are subject to a tobacco-user surcharge of $40 a month (for single coverage) or $60 a month (for subscriber-spouse, subscriber-children, or full-family coverage).

Eligible retired employees may elect health, dental, and vision coverage. The state contributes the same amount toward health and dental premiums for funded retirees as it does for its active employees. A participating local subdivision, however, has the option to choose the amount, if any, it wishes to contribute toward health and dental coverage for its eligible retirees.

While the $3 administrative fee cannot be passed on to active employees, a local subdivision may require retirees and survivors to pay this fee. This fee may not be charged to COBRA participants. You must adjust the retiree premiums in the *Insurance Benefits Guide* using your local subdivision's contribution (if different from the state's) toward health and dental coverage for your eligible retirees.

The bottom line

- Remit payment to PEBA by the 10th of each month for all employer and subscriber contributions to premiums for covered active employees, retirees, survivors, COBRA participants, and dependents. Prompt payment of premiums is essential to meet state-established financial requirements. The local subdivision is responsible for collecting and paying PEBA for the premiums of its covered active employees, retirees, survivors, COBRA participants, and dependents. PEBA bills the local subdivision on or before the 1st of the month for both employer and subscriber contributions for enrollees.
- PEBA sends billing and financial reports electronically to employers that have email access. All billings and financial reports will be sent to the email address included on your application. No paper copies will be sent to employers with electronic access. All procedural guidelines apply, regardless of the billing method.
- Payment is due as billed by the 10th of the month, whether or not the local subdivision has collected subscriber contributions. If the bill is incorrect, the local subdivision should pay the bill and request corrections as needed. Any debits or credits will appear on the next billing statement. If a local subdivision is delinquent in remitting proper payment to PEBA, PEBA has the authority to initiate the withholding of the delinquent payment from state funds due the local subdivision. In addition, PEBA reserves the right to cancel coverage for nonpayment of premiums or noncompliance with participation requirements upon 30 days' notice to a local subdivision. PEBA is responsible for ensuring local subdivision compliance with the participation requirements, and it reserves the right to audit the local subdivision's books and records as they pertain to participation in the state insurance benefits program. The local subdivision shall make such books and records

available to PEBA without charge upon one week's notice.

- Remit a deposit of one month's advance billing to PEBA annually by July 15. The advance billing includes total employer contributions for health, dental, Basic Life, and Basic Long Term Disability for active subscribers, as determined by PEBA enrollment files for July.

South Carolina Public Employee Benefit Authority
Insurance Benefits Contract

Governing the participation of entities approved by the General Assembly to join the State of South Carolina Group Health Benefits Plan and related benefits

I. DEFINITIONS

1. Entity: Any governmental employer other than a state agency or public school district that is eligible to participate in the state's Group Health Benefits Plan & Related Benefits Programs, as administered by the South Carolina Public Employee Benefit Authority (PEBA), pursuant to Section 1-11-720(A) of the South Carolina Code of Laws.
2. Participating Entity: An Entity that elects to participate in the state's Group Health Benefits Plan & Related Benefits Programs, as administered by the South Carolina Public Employee Benefit Authority (PEBA) under the terms of this Contract.
3. South Carolina Group Health Benefits Plan & Related Benefits Programs: The state's Group Health Benefits Plan & Related Programs (collectively, the State Insurance Benefits Programs) shall include the self-insured State Health Plan; TRICARE Supplement Plan; the State Dental Plan; Dental Plus; the State Vision Plan; Optional and Dependent Life Insurance coverages; Basic Life Insurance coverage; Basic Long Term Disability Income Benefit Plan; the Supplemental Long Term Disability Income Benefit Plan; and the Flexible Benefits Plan, together with such other coverage and benefit plans as from time to time may be extended to Entities as PEBA deems appropriate.

II. PURPOSE OF THIS CONTRACT

The purpose is to establish the requirements for participation in the State Insurance Benefits Programs by Entities and their employees, retirees, and eligible dependents. This Contract shall govern the relationship between the Participating Entities and PEBA. These requirements will remain in effect until altered or rescinded by PEBA.

III. ADMINISTRATION

1. The governing Plan of Benefits documents and certificates of the State Insurance Benefits Programs shall apply to the covered employees, retirees, and dependents of Participating Entities as if incorporated herein verbatim. PEBA may change these documents from time to time without separate revisions to these requirements.
2. PEBA shall determine the insurance benefits programs available to Participating Entities. PEBA is the Plan Administrator, as defined and explained in the relevant Plan of Benefits documents and certificates, for the State Insurance Benefits Programs, and is not a third-party claims processor.
3. PEBA is authorized to implement, interpret, and apply the Contract requirements. PEBA's interpretation is final, determinative, and binding.
4. The Participating Entity must offer to its eligible employees the entire package of State Insurance Benefits Programs. Individual employees may reject all or any part of the benefit package. The Participating Entity and its employees agree to adhere to the terms and conditions for participation in the State Insurance Benefits Programs. The benefits offered to employees and

retirees of Entities shall be the same as those offered to employees and retirees of state agencies and public school districts.

5. All Participating Entities shall be grouped according to the number of insured for premium rating purposes. PEBA may adjust the premiums based upon the services provided and the claims experience of Participating Entities during the coverage period. The coverage period will coincide with the calendar year of the state plan.
6. PEBA initially shall charge premiums to the Participating Entity based on the average claims experience of other Participating Entities in the same category. These rates will remain in effect until the new Participating Entity has incurred enough claims to be rated according to the formula used for other Participating Entities in the same category. In addition to the premium charge, PEBA will charge Participating Entities an administrative fee of not less than $3 per employee, retiree, survivor, and COBRA participant per month.
7. PEBA shall prescribe the eligibility requirements for a Participating Entity's active and retired employees to participate in the State Insurance Benefits Programs. All of the terms and conditions of the coverages in the State Insurance Benefits Programs that are applied to active and retired employees of state agencies and public school districts to determine eligibility also shall be applied to determine the eligibility of active and retired employees of Participating Entities, including any exclusions and limitations on coverage.
8. Should a Participating Entity's currently insured subscriber be confined in a hospital on the date of transition from the existing group health plan to the State Health Plan, the existing group health plan will continue to be liable for claim payment until the insured patient is discharged. Hospital charges for the patient will remain the liability of the losing group health plan until the patient's discharge; however, physician charges will be assumed by the State Health Plan as of the effective date of coverage transfer.
9. PEBA shall waive the pre-existing conditions and limitations provisions that apply to new entrants into the state Basic and Supplemental Long Term Disability (LTD) plans, provided the enrolling employees are insured by a comparable group long-term disability plan that is in force on the date the state-offered LTD plan replaces the existing coverage for group LTD. If a comparable plan is not in force on the date of replacement by the State Insurance Benefits Program, pre-existing conditions and limitations will apply to all enrolling employees. PEBA Insurance Benefits shall review the group LTD plan being replaced to evaluate comparability for the purposes of providing the no loss, no gain replacement waiver of pre-existing conditions and limitations.
10. PEBA shall establish a process for enrolling employees of Participating Entities, both initially and thereafter. Participating Entities agree to comply with the requirements of this process. The enrollment process will consist of orientation, enrollment forms, training for Participating Entity liaisons and contact persons, and such other components as PEBA Insurance Benefits shall from time to time establish.

IV. CONDITIONS FOR ENTITY PARTICIPATION IN THE STATE'S INSURANCE BENEFITS PROGRAMS

1. The Entity shall apply to PEBA at least 120 days before coverage is desired. The Entity shall submit PEBA's designated application form, which shall include but not be limited to providing the following information:

a. a list by name of currently covered active employees and number of dependents;

b. a list by name of currently covered retired employees and number of dependents, if available;

c. a copy of all benefit plans currently offered to the Entity's employees;

d. the premiums currently in effect and amount of contribution by the Entity;

e. the effective dates of all benefit plans;

f. designation of Entity liaison/contact person;

g. a copy of minutes or letter from the Entity's governing body with approval of application for participation;

h. an enrollment service deposit of $500; and

i. all other information PEBA Insurance Benefits requests.

2. The Participating Entity is responsible for notifying PEBA of any change in the status of its employees that affects coverage under each of the State Insurance Benefits Programs. Determinations regarding such matters as coverage, eligibility, and limitations are made on the basis of information the Participating Entity has supplied. PEBA shall not be responsible for any delays, errors, or omissions due to the failure of a Participating Entity or its employees to supply such information.

3. The Participating Entity shall contribute to its active employees' premiums in at least the same percentage as the state contributes toward the premiums for active employees of state agencies and public school districts. The Participating Entity may elect to contribute a larger percentage towards the premiums for its active employees. The level of the Participating Entity's premium contribution to eligible retirees shall be at the discretion of the Participating Entity, unless otherwise provided by law. PEBA shall bill the Participating Entity for the premiums of active and retired employees, survivors, and COBRA participants in accordance with normal PEBA billing procedures. PEBA reserves the right to cancel coverage for nonpayment upon 30 days' notice to the Participating Entity.

4. The Participating Entity agrees and understands that certain State Insurance Benefits Programs may have waiting periods and pre-existing condition limitations that affect coverage, and that such waiting periods and pre-existing limitations will be applied to each employee, retiree, and eligible dependent entering into the State Insurance Benefits Programs. (*See also* the provisions set forth in paragraph *III. 9.* of this document regarding initial entry of an Entity.)

5. PEBA shall determine the date of entry into the State Insurance Benefits Program, which shall be no fewer than 120 days after PEBA approves a completed application. Entry into the State Insurance Benefits Programs may be longer than 120 days if PEBA determines a delay to be administratively necessary, taking into consideration the State Insurance Benefits Programs' Plan Year.

   a. The Entity electing to participate in the State Insurance Benefits Programs must do so for at least four years. Thereafter, the Participating Entity may elect to leave the State Insurance Benefits Programs but must give 90 days' notice in writing of the decision to opt out. PEBA shall

determine the effective date of the termination of coverage, which may be no later than the last day of the state plan year. An entity that participated in the State Insurance Benefits Programs and opted out may not apply to re-enter for four years from the date it left the state's insurance benefits program.

b. PEBA reserves the right to terminate this Contract, upon thirty (30) days' written notice, for a Participating Entity's failure to comply with the terms of this Contract.

c. PEBA assumes no responsibility for any claims arising out of or after the termination of the Participating Entity's participation in the State Insurance Benefits Programs, except as may be provided for in the respective coverage's Plan of Benefits document or certificate. After withdrawal, the Entity shall remain liable for all claims and be responsible for continuing to provide benefits payments, including long term disability, to its employees who became eligible to receive such benefits, coverage, and payments prior to the Entity's withdrawal.

6. a. The decision whether to participate in or to voluntarily stop participating in the State Insurance Benefits Programs is solely the decision of the individual Entity, made after its independent review of all relevant materials. PEBA will provide information on the State Insurance Benefits Programs. Each Entity shall acquaint itself fully with the terms and conditions of the State Insurance Benefits Programs and the difference, if any, between its current insurance coverage and the State Insurance Benefits Programs. PEBA is not responsible for any matter arising out of the failure or omission of an Entity or its employees to be fully aware of the terms and conditions of the State Insurance Benefits Programs.

   b. Retirees of a Participating Entity may participate in the same State Insurance Benefits Programs as are offered to retirees of state agencies and public school districts. If a Participating Entity elects to stop participating in the State Insurance Benefits Programs, the Entity's retirees', COBRA subscribers', and survivors' participation in the State Insurance Benefits Programs also terminates.

   c. A Participating Entity is not prohibited from developing or implementing a separate cafeteria plan for the Participating Entity's employees for the purpose of offering additional benefits or coverages that are not offered through the State Insurance Benefits Programs. A Participating Entity is **prohibited** from offering to its employees any benefit or coverage that is available through the State Insurance Benefits Programs, including but not limited to a group health, dental, vision, life, accidental death and dismemberment, or disability insurance or income replacement plan. In addition, a Participating Entity that develops or implements a separate cafeteria plan must provide a copy of the cafeteria plan to PEBA upon enrollment in the State Insurance Benefits Programs or upon development of that separate cafeteria plan, whichever occurs first. Furthermore, a Participating Entity that elects to develop or implement a separate cafeteria plan assumes responsibility for complying with all federal laws in the development of said plan and also assumes responsibility for and agrees to pay any damages or costs incurred by the PEBA or any administrator working therewith, including but not limited to taxes, penalties, interest, attorneys' fees, or any other liability arising out of or resulting from the Participating Entity having a separate cafeteria plan.

7. The Participating Entity is responsible for ensuring that its employees are adequately informed about the terms, conditions, limitations, and exclusions of the State Insurance Benefits Programs

Please note that certain State Insurance Benefits Programs have limitations on coverage for pre-existing conditions and exclusions.

V. EMPLOYEE ELIGIBILITY AND PARTICIPATION

Determination of employee and dependent eligibility shall be the responsibility of the Participating Entity based on the eligibility requirements set forth in the Plan of Benefits document or certificate of the State Insurance Benefits Programs. Final adjudication of eligibility rests solely in the discretion of PEBA. The eligibility requirements for participation in each benefit or coverage are summarized in the *Insurance Benefits Guide* and are set out in detail in each Plan of Benefits document or certificate.

VI. ENROLLMENT PROCESS

PEBA will determine enrollment periods for employee and retiree participation for all State Insurance Benefits Programs.

_____ (entity name), authorized to participate in the State Insurance Benefits Programs, certifies that it:

1. has read, understands and agrees to abide by the state's conditions of participation contained in the entity guidelines;
2. has furnished and will continue to provide enrollment information that is true, accurate and complete to the best of its knowledge;
3. agrees to report any change affecting enrollment or the status of its employees;
4. agrees to contribute no less than the following premium amounts[1] for each benefits eligible employee who enrolls in the State Insurance Benefits Programs based on the coverage level the employee selects:

	Employee only	Employee/spouse	Employee/ children	Full family
Health[2]	$362.98	$718.98	$557.10	$900.18
Dental	$13.48	$13.48	$13.48	$13.48
Life	$0.28	$0.28	$0.28	$0.28
Long term disability[2]	$3.22	$3.22	$3.22	$3.22
Administrative fee	$3.00	$3.00	$3.00	$3.00
Total	**$382.96**	**$738.96**	**$577.08**	**$920.16**

[1]Premiums are subject to change each year.

[2]Required contribution for health insurance premiums may be greater due to experience rating. The health premiums above are a base rate that will be multiplied by your experience-rated load factor. See Page 13 for details on how these load factors are determined. See Page 23 for employee premiums.

5. Acknowledges that PEBA reserves the right to cancel coverage for nonpayment upon 30 days' notice to the Participating Entity.
6. agrees to participate in the State Insurance Benefits Program for a minimum of four years; and
7. has attached the document from its governing board authorizing its participation in the State Insurance Benefits Program.

Please print.

Entity name _____

Entity director's name _____

Entity director's signature _____

Date _____

Keep a signed copy of this document for your records. Forward this completed application, along with required documentation, to:

S.C. Public Employee Benefit Authority
Attn: Legal Department
202 Arbor Lake Drive
Columbia, SC 29223

OR

If your local subdivision is a disabilities and special needs board, you are required to submit this application through the S.C. Department of Disabilities and Special Needs for budget review before submission to PEBA. Please forward this application to:

Director of Human Resources
Department of Disabilities and Special Needs
P.O. Box 4706
Columbia, SC 29240
803.898.9612

Application directions and checklist

Check each item after you complete it on the application. Your application cannot be approved or processed until PEBA receives all of the requested information. To ensure your requested effective date, you must submit all of the following information.

- ❑ 1. Complete the following:

  Name, address, telephone number, email address and fax number of the local subdivision

- ❑ 2. Local subdivision's eligibility category
  - ❑ Send documentation proving your eligibility
- ❑ 3. Federal tax identification number
- ❑ 4. PEBA retirement benefits group number (if applicable)
- ❑ 5. Desired effective date of coverage (should be at least 120 days after application date)
- ❑ 6. Name, title, address and telephone number of:
  - ❑ the contact person for benefits administration
  - ❑ the contact person responsible for receiving and processing the billing
  - ❑ the contact person completing this application
  - ❑ the director of the local subdivision
- ❑ 7. County or counties in which your employees work
- ❑ 8. Total number of eligible employees
- ❑ 9. Number of insured persons you currently have in the following categories:
  - ❑ Active employees covered by current plan
  - ❑ Dependents of active employees
  - ❑ Retired employees covered by current plan
  - ❑ Dependents of retired employees
  - ❑ Former employees on COBRA
  - ❑ Dependents on COBRA
  - ❑ Survivors of deceased employees
- ❑ 10. Information on current plans:
  - ❑ Name and address of each carrier
  - ❑ Contract dates for each plan
  - ❑ Number of employees participating in each plan
  - ❑ Description of benefits provided by each carrier
  - ❑ Cafeteria plan of benefits

- ❑ 11. Roster of active employees covered by current plan
- ❑ 12. Roster of retired employees covered by current plan
- ❑ 13. Completed summary of benefits forms for current plans:

❑ Health	❑ Copy of current benefits booklet
❑ HMO	❑ Copy of current benefits booklet for each HMO
❑ Dental	❑ Copy of current benefits booklet
❑ Vision	❑ Copy of current benefits booklet
❑ Life	❑ Copy of current benefits booklet
❑ Long Term Disability	❑ Copy of current benefits booklet
❑ Long Term Care	❑ Copy of current benefits booklet
❑ Flexible benefits	❑ Copy of current benefits booklet

- ❑ 14. *Agreement to Participate* form (page 21) signed by authorized person
- ❑ 15. Copy of minutes or letter from governing body with approval to participate
- ❑ 16. $500 enrollment services deposit. Make the check payable to S.C. Public Employee Benefit Authority.

EIPID-40
Local Subdivision Entity Application

FOR PEBA USE ONLY

Reviewed by: _____ Date: _____

I. Entity information

Please provide all information relative to your organization.

_____ _____ _____ ❑ Small ❑ Medium ❑ Large

Entity name # of employees # of covered lives Size of entity

_____ _____ _____ _____ _____

Street address City County State Zip code

_____ _____ _____ _____

Mailing address (PO box) City State ZIP

Federal employer ID number _____ SCRS Group Number (if applicable) _____

Desired effective date (should be at least 120 days after application date) _____

Person completing application _____

Is your entity a former participant of PEBA insurance benefits? Yes _____ No_____

If so, provide the group number and name. _____

When was the coverage terminated? _____

Does the entity have internet access? Yes _____ No_____

Eligibility category (pursuant to S.C. Code Ann. § 1-11-720, as amended):

❑ County
❑ Municipality
❑ County disabilities and special needs board
❑ County alcohol and other drug abuse agency
❑ County council on aging
❑ Other: _____
❑ Regional tourism commission
❑ Regional council of government
❑ Regional transportation authority
❑ Community action agency
❑ Housing authority
❑ Soil and water conservation district
❑ Special purpose district (check all that apply):
____ Gas ____ Water ____ Sewer
____ Recreation ____ Hospital services
____ Fire

Note: Send documentation that would prove that you are eligible.

II. Entity director

Please provide all information relative to your organization.

Ms./Mrs./Mr. _____ _____ _____ _____ _____

First name MI Last name Suffix Nickname

Phone _____ Ext. _____ Fax _____

Email _____

III. Personnel director

Please provide all information relative to your organization.

Ms./Mrs./Mr. _____ _____ _____ _____ _____

First name MI Last name Suffix Nickname

Phone _____ Ext. _____ Email _____

IV. Financial officer

Please provide all information relative to your organization.

Ms./Mrs./Mr. _____ _____ _____ _____ _____

First name MI Last name Suffix Nickname

Phone _____ Ext. _____ Email _____

V. Benefits supervisor (if different from above)

Please provide all information relative to your organization.

Ms./Mrs./Mr. _____ _____ _____ _____ _____

First name MI Last name Suffix Nickname

Phone _____ Ext. _____ Email _____

VI. Benefits coordinator

**Note: It is the sole responsibility of the benefits administrator to distribute PEBA insurance benefits information to employees, appropriate staff and personnel.*

Ms./Mrs./Mr. _____ _____ _____ _____ _____

First name MI Last name Suffix Nickname

Phone _____ Ext. _____ Email _____

VII. Wellness coordinator

Ms./Mrs./Mr. _____ _____ _____ _____ _____

First name MI Last name Suffix Nickname

Phone _____ Ext. _____ Email _____

VIII. Employee information

County or counties in which your employees work:

Number of insured persons in each of the following categories:

_____ Active employees covered by current plan _____ Retired employees covered by current plan

_____ Survivors of deceased employees _____ Dependents of retired employees

_____ Former employees on COBRA _____ Dependents of active employees _____ Dependents on COBRA

Do you currently offer benefits to part-time employees? _____

If yes, please provide a summary of that plan if not the same as the one offered to full-time employees.

IX. Existing benefits programs

Submit copy of current benefits booklets

HEALTH INSURANCE	❑ Insured	❑ Self-insured	❑ Not offered
Name of carrier(s)			Contract period
Address			# participating employees
HEALTH MAINTENANCE ORGANIZATIONS	❑ Insured	❑ Self-insured	❑ Not offered
Name of carrier(s)			Contract period
HMO / PPO name			# participating employees
Address			
DENTAL INSURANCE	❑ Insured	❑ Self-insured	❑ Not offered
Name of carrier(s)			Contract period:
Address			# participating employees:
VISION COVERAGE	❑ Insured	❑ Self-insured	❑ Not offered
Name of carrier(s)			Contract period
Address			# participating employees
BASIC GROUP LIFE INSURANCE	❑ Insured	❑ Self-insured	❑ Not offered
Name of carrier(s)			Contract period
Address			# participating employees
DEPENDENT LIFE	❑ Insured	❑ Self-insured	❑ Not offered
Name of carrier(s)			Contract period
Address			# participating employees
LONG TERM DISABILITY	❑ Insured	❑ Self-insured	❑ Not offered
Name of carrier(s)			Contract period
Address			# participating employees
EMPLOYEE ASSISTANCE PROGRAM (financial, personal and family counseling resource)			
Name of provider			Contract period
Address			# participating employees
FLEXIBLE BENEFIT PROGRAM			
Name of administrator			Contract period
Address			

2017 Monthly insurance premiums for active employees

	Savings	Standard	TRICARE Supp	Dental	Dental Plus	Vision
Employee only	$9.70	$97.68	$62.50	$0.00	$25.96	$7.00
Employee/spouse	$77.40	$253.36	$121.50	$7.64	$52.46	$14.00
Employee/children	$20.48	$143.86	$121.50	$13.72	$60.50	$14.98
Full family	$113.00	$306.56	$162.50	$21.34	$78.60	$21.98

Tobacco surcharge	
Single coverage	$40.00
Non-single coverage	$60.00

Employer rates				
	Health	Dental	Life	LTD
Employee only	$362.98	$13.48	$0.28	$3.22
Employee/spouse	$718.98	$13.48	$0.28	$3.22
Employee/children	$557.10	$13.48	$0.28	$3.22
Full family	$900.18	$13.48	$0.28	$3.22

Supplemental long term disability		
Age	90-day	180-day
< 31	0.00056	0.00045
31-40	0.00078	0.00060
41-50	0.00154	0.00117
51-60	0.00311	0.00239
61-65	0.00374	0.00287
> 65	0.00457	0.00351

How to calculate SLTD monthly premium

1. Select floating decimal (F) on calculator
2. Divide gross annual salary by 12 to determine monthly salary
3. Multiply monthly salary by rate factor from table
4. Drop digits to right of two decimal places; do not round
5. If number is even, this is the monthly premium
6. If number is odd, add .01 to determine monthly premium

Dependent life	
$15,000	$1.10

Premium comparison worksheet

Below are two sample work sheets for rate comparison purposes. Submit a secure roster of all currently enrolled active and retired employees covered by your current plans, providing (1) the name and Social Security Number of each individual, (2) type of coverage: subscriber (S), subscriber/spouse (S/S), subscriber/children (S/C) or full family (FF), (3) premium the local subdivision contributes for this coverage, and (4) premium the local subdivision would contribute for the same coverage through the state insurance benefits program. Once all enrollees are listed, calculate a grand total for each appropriate column.

Active employees

Name of employee	Class	Health		Dental		Life		LTD		Fee
1 **Examples 1-4**	2 **S, S/S, S/C, FF**	3 **Current premium**	4 **2017 State premium***	5 **Current premium**	6 **2017 State premium**	7 **Current premium**	8 **2017 State premium**	9 **Current premium**	10 **2017 State premium**	11 **2017 State admin.**
1. Jan Doe xxx-xx-xxxx	S	$296.58	$362.98	$0	$13.48	$0	$0.28	$0	$3.22	$3.00
2. John Doe xxx-xx-xxxx	S/S	$531.60	$718.98	$0	$13.48	$0	$0.28	$0	$3.22	$3.00
3. Jimmy Doe xxx-xx-xxxx	S/C	$412.60	$557.10	$0	$13.48	$0	$0.28	$0	$3.22	$3.00
4. Jane Doe xxx-xx-xxxx	FF	$628.46	$900.18	$0	$13.48	$0	$0.28	$0	$3.22	$3.00
Total		**$1,869.24**	**$2,539.24**	**$0**	**$53.92**	**$0**	**$1.12**	**$0**	**$12.88**	**$12.00**

**An experience rating will be added to each category. See pages 9-10 for more information.*

Retired employees

Name of retiree	Class	Health		Dental		Fee
1 **Examples 1-4:**	2 **S, S/S, S/C, FF**	3 **Current premium**	4 **2017 State premium***	5 **Current premium**	6 **2017 State premium**	11 **2017 State admin.**
1. Jan Doe xxx-xx-xxxx	S	$296.58	$362.98	$0	$13.48	$3.00
2. John Doe xxx-xx-xxxx	S/S	$531.60	$718.98	$0	$13.48	$3.00
3. Jimmy Doe xxx-xx-xxxx	S/C	$412.60	$557.10	$0	$13.48	$3.00
4. Jane Doe xxx-xx-xxxx	FF	$628.46	$900.18	$0	$13.48	$3.00
Total		**$1,869.24**	**$2,539.24**	**$0**	**$53.92**	**$12.00**

**An experience rating will be added to each category. See pages 9-10 for more information.*

Summary and comparison for active employees

The information in these tables is for comparison only. For health insurance, active employees may choose between the SHP Savings or Standard plan.

Benefits	Standard Plan	Savings Plan	Current plan
Annual deductible	$445 individual $890 family	$3,600 individual $7,200 family (If more than one family member is covered, only the cost of preventive benefits will be paid until the $7,200 annual family deductible is met.)	
Copayments			
Emergency Care[1]	$159	None	
Outpatient Facility Services[2]	$95	None	
Physician Office Visit[3]	$12	None	
Coinsurance (after deductible is met):			
Network	20% subscriber pays	20% subscriber pays	
PCMH Network	10% subscriber Pays	10% subscriber pays	
Out-of-network[4, 5]	40% subscriber pays	40% subscriber pays	
Coinsurance maximum:			
Network	$2,540 individual $5,080 family	$2,400 individual $4,800 family	
Out-of-network[4, 5]	$5,080 individual $10,160 family	$4,800 individual $9,600 family	
Lifetime maximum	None	None	
Prescription drug deductible per year[4]	No Annual Deductible	**Prescription Drugs** You must use participating pharmacies. You pay the full allowed amount for prescription drugs, and the cost is applied to your annual deductible.	
Retail Copayments for up to a 30-day supply (Participating pharmacies only)[4]	$9 Tier 1 (Generic – lowest cost) $38 Tier 2 (Brand – higher cost) $63 Tier 3 (Brand – highest cost)		
Mail Order and Retail Maintenance Network copayments for up to a 90-day supply[4]	$22 Tier 1 (Generic – lowest cost) $95 Tier 2 (Brand – higher cost) $158 Tier 3 (Brand – highest cost)	After you reach your deductible, you continue to pay the full allowed amount for prescription drugs. However, the plan will reimburse you for 80% of the allowed amount of your prescription. You pay the remaining 20% as coinsurance. Drug costs are applied to your plan's in-network coinsurance maximum: $2,000 - individual; $4,000 - family. After the coinsurance maximum is met, the plan pays 100% of the allowed amount.	
Prescription drug copayment maximum[4]	$2,500 per person (applies to prescription drugs only)		
Tax-favored Medical Accounts	Medical Spending Account	Health Savings Account Limited-use Medical Spending Account	

Summary and comparison continued from previous page

Benefits	Standard Plan	Savings Plan	Current plan
Survivor premium waiver	Yes	Yes	
Survivor eligible for continued coverage	Yes	Yes	

[1]Waived if admitted.
[2]Waived for dialysis, routine mammograms, routine Pap tests, routine physical therapy, clinic visits, oncology services, electro-convulsive therapy, psychiatric medication management and partial hospitalization and intensive outpatient behavioral health services.
[3]Waived for routine Pap tests, routine mammograms, well child care and services received at a Patient-centered Medical Home
[4]Prescription drugs are not covered out of network.
[5]An out-of-network provider may bill you for more than the plan's allowed amount for services.

State Dental Plan

Benefits	State coverage[1]	Current plan
Class I: Exams Cleaning and scaling of teeth Fluoride treatment Space maintainers (child) Emergency pain relief X-rays	100% of allowed amount	
Class II: Fillings Extractions Oral surgery Endodontics (root canals) Periodontal procedures	80% of allowed amount	
Class III: Onlays Crowns Bridges Dentures Implants Repair of prosthodontic appliances	50% of allowed amount	
Class IV: Orthodontic lifetime maximum benefit Orthodontic age limit	50% of allowed amount $1,000 (age 18 and younger)	
Dental deductible: Individual Family	$25 per person Limited to three per year ($75)	
Class(es) to which deductible applies	II, III	
Annual maximum benefit per insured person	$1,000	
Pre-existing condition limitation	None	

[1]Benefits are based on a fee schedule that is available from PEBA.

Dental Plus

Dental Plus, supplemental coverage to the State Dental Plan, provides a higher level of reimbursement for the same dental services covered under the State Dental Plan (except orthodontia). The combined annual maximum benefit an individual may receive when enrolled in both the State Dental Plan and Dental Plus is $2,000.

Basic long term disability (BLTD)

Benefits	State Plan	Current plan
Elimination period	90 days	
Percentage of salary replaced	62.5% of employee's eligible pre-disability earnings, reduced by deductible income[1]	
Maximum monthly benefit	$800	
Maximum benefit period	To age 65 if employee becomes disabled before age 62[2]	
Offsets	Include Social Security, retirement, Workers' Compensation	
Definitions of "total disability"	(1) *Own Occupation Disability* – Employee is unable to perform, with reasonable continuity, the material duties of his own occupation during the benefit waiting period and the first 24 months BLTD benefits are paid. (2) *Any Occupation Disability* – Employee is unable to perform, with reasonable continuity, the material duties of any occupation for which his education, training or experience, which is available at one or more locations in the national economy and in which he can be expected to earn at least 65 percent of his predisability earnings (adjusted for inflation) within 12 months following his return to work, regardless of whether he is working in that or any other occupation. The *any occupation* period begins at the end of the *own occupation* period and continues to the end of the maximum benefit period.	
Monthly premium	$3.22[3]	

[1]BLTD benefits are subject to federal and state income taxes. An employee should check with his accountant or tax advisor regarding tax liability.
[2]An age-graded benefit reduction schedule is provided for disabilities beginning at age 62 and older. The maximum benefit period for age 69 and older is one year.
[3]Local subdivision pays $3.22 per month for each employee to receive BLTD. An employee has the option to purchase additional coverage at his own expense through the SLTD program.

Basic life insurance

Benefits	State Plan	Current plan
Basic life insurance benefit amount	$3,000	
Accidental death benefit	$3,000	
Additional information	See "Schedule of Accidental Losses and Benefits," in the Life Insurance chapter of the *Insurance Benefits Guide*	
Type of insurance (term, permanent, combination)	Term	
Monthly premium	$0.28	

[1]Local subdivision pays $0.28 per month for each employee to receive $3,000 of group Basic Life coverage. An employee has the option to purchase additional coverage at his own expense through the Optional Life insurance program. Coverage and premiums are based on the employee's age and salary. The local subdivision may retain its life insurance coverage in addition to the state's coverage if the premium for this group life insurance is paid with after-tax dollars. Contact your current carrier if you are considering this option.

Please note: To be eligible for BLTD or Basic Life insurance, a full-time employee must be enrolled in a health plan.

Local subdivision frequently asked questions

1. **Are elected members of participating city and county councils eligible to participate?**

   Elected city and county council members who are eligible to participate in one of the retirement systems administered by PEBA are considered full-time employees and are eligible. Their premiums will be the same as for any other employee.

2. **If a participating local subdivision elects to contribute more than PEBA requires toward its employees' health insurance premiums or to contribute to retirees' health insurance premiums, can it change the amount of the contributions in the future?**

   If a local subdivision is considering paying more than the minimum employer contribution toward eligible employees' premiums, or funding retiree premiums, the local subdivision should first make sure it can afford to do so. PEBA requires that a local subdivision pay its monthly bill promptly or risk termination of the group's participation for non-payment.

   Before increasing or reducing employer contributions, it is also very important that a local subdivision consult its legal and tax advisers about compensation and tax issues, as well as compliance with federal, state, and local law.

   When considering changes in contributions to health premiums, a local subdivision should keep these points in mind:

   - It must offer each eligible employee or retiree a choice among the available health plans, and it must offer all levels of coverage (for example, family coverage as well as individual coverage must be offered).
   - It must pay at least the minimum required employer contribution for each active employee's selected level of coverage. No portion of this amount can be passed along to the employee.
   - Paying more than the required contribution for active employees and later reducing it to the minimum required contribution does not create a special eligibility situation for the active employee. This means the reduction does not allow the active employee to add, drop, or change coverage.
   - PEBA does not require local subdivisions to contribute any amount toward retiree premiums. However, if an employer has elected to contribute to retiree premiums, and later decides to reduce or stop its contribution, this may create a special eligibility situation for the affected retirees and their dependents.

3. **May employers choose to contribute toward only the employee's coverage and not toward the coverage of any dependents?**

   No. Employers must contribute the minimum required contribution toward whatever level of coverage employees choose. Employers may not charge the employee for any part of the minimum employer contribution for dependents.

4. **Does the health plan an employee chooses affect the employer contribution?**

   No. The employer contributes the same amount to each level of coverage, regardless of the health plan. The employee pays the extra cost for a more expensive health plan. Only the level of coverage affects how much the employer pays. There is no employer contribution toward the TRICARE Supplement.

5. **Will the employer be responsible for paying for Basic Life Insurance and Basic Long Term Disability Insurance?**

   If an employee enrolls in health insurance, the employer will be required to pay the premium for Basic Life ($3,000 of coverage at $0.28 per month) and Basic LTD ($3.22 per month) for each employee. No Basic Life or Basic LTD coverage will be provided if an employee does not enroll in health insurance.

6. **Are there other costs for an employer?**

   Yes. Local subdivision employers must pay a $3 administrative fee for each employee, retiree, survivor, and COBRA participant per month. Active employees and COBRA participants cannot be required to pay this fee. An employer may require retirees and survivors to pay this fee.

7. **When employers apply to participate in PEBA's insurance benefits programs, what is the commitment period?**

   When an employer elects participation in PEBA's insurance benefits programs, the statutorily defined commitment period is a minimum of four years. Also, if an employer withdraws or has its coverage terminated, it must wait at least four years from the date of termination before applying to rejoin.

8. **How will the health insurance premiums be determined?**

   Local subdivision groups pay the same health insurance premiums as state agencies and public school districts adjusted by an experience rating. The local subdivision groups are separated into three categories for experience rating:

   - "Small" groups are those with fewer than 100 covered lives.
   - "Medium" groups are those with 100-500 covered lives.
   - "Large" groups are those with more than 500 covered lives.

   A "load factor" (a percentage amount) is added to the premiums based on claims history and is adjusted each year (effective the following January). The load factor is based upon the past two plan years' worth of claims experience. Groups will be notified of their load factor in March, and the load factor will be applied in January of the following year. This factor is added to both the employer and employee shares of the premium. Click here to see a chart of the history of load factors for optional employers.

9. **How will the load factor be determined?**

   Because there is no claims data initially, new optional groups are rated as follows:

   - Small groups. Small groups will always receive the aggregate load factor.
   - Medium groups. Groups of this size will receive the aggregate load factor until they have a minimum of 24 months of claims experience.
   - Large groups. Groups of this size will receive the aggregate load factor until they have a minimum of 12 months of claims experience.

   After a group has enough claims experience, it will be rated as follows:

   - Small groups are rated together according to the small group aggregate claims experience.
   - Medium groups are weighted at 50 percent based on their claims experience and weighted at 50 percent based on the aggregate for all medium groups.
   - Large groups are weighted at 100 percent of their own individual entity's claims experience.

10. **What will optional groups' load factors be for this year?**

    The load factors are listed on page 12. The load factor is capped at 50 percent.

11. **Does experience rating apply to other plans offered through PEBA?**

    No. Experience rating applies only to the health plans.

12. **What control does the employer have over which plans are offered?**

    A participating employer must offer all PEBA programs to employees and also must allow employees to elect any level of coverage. The levels, or tiers, of coverage are:

    - Employee only
    - Employee/spouse
    - Employee/children
    - Full family

    Employers may not offer products and programs that PEBA already offers. Employers may offer programs that are not offered through PEBA. However, premiums for those programs cannot be deducted pretax through PEBA's cafeteria plan (MoneyPlus). Please refer to the chart on Page 32 for more information.

13. **Does an employer participating with PEBA have to offer benefits to retirees?**

    Yes. Eligible retired employees may elect health, dental, and vision coverage. Unlike the state, which contributes the same amount toward health and dental premiums for funded retirees as it does for active employees, a participating local subdivision has the option to choose the amount, if any, it wishes to contribute toward health, dental, and vision coverage for its eligible retirees.

14. What is the state's plan year?

PEBA's insurance benefits plan year is always the calendar year. It starts in January, with open enrollment elections the previous October.

15. Does the state have an employee assistance program?

No.

16. Does it cost extra for employers or employees to use PEBA's health and wellness programs?

There is no additional cost to the employer for PEBA's health and wellness programs; however, some workshops and programs may be offered at minimal fee to the employees and their families.

17. What does an employer need to do to join the state insurance program?

To apply for the program, the employer must send the following to PEBA:

- A completed application from the *Local Subdivision Handbook*
- A signed agreement to participate in the state insurance program from Page 21 of the handbook. This agreement must be signed by an employer representative authorized by their governing body to enter into a binding contract. A copy of the minutes of the employer's governing body, or an executed resolution by the governing body, authorizing participation in the state insurance program should be attached to the signed agreement.
- A $500 non-refundable application fee. The fee will be applied to the employer's first monthly insurance bill.

PEBA must have the application, signed agreement and application fee before it will schedule enrollment meetings for an employer. Please see the application checklist on Page 17 of the handbook for a complete list of required steps and documentation

Other plans employers are allowed to offer

Employee is eligible for PEBA's insurance benefits

Type	PEBA's insurance benefits product(s)	PEBA's cafeteria plan[1]	Can employer offer separate product?	Separate cafeteria plan?
Health	State Health Plan TRICARE Supplement	Must offer option to pay for PEBA's product through PEBA's cafeteria plan	Under PEBA's rules, employer cannot offer a separate health product to benefits-eligible employees	Not applicable
Dental	State Dental Plan (BCBS)	Must offer option to pay for PEBA's product through PEBA's cafeteria plan	Under PEBA's rules, employer cannot offer a separate dental product	Not applicable
Dental Supplement	Dental Plus (BCBS)	Must offer option to pay for PEBA's product through PEBA's cafeteria plan	Under PEBA's rules, employer is not prohibited from offering a separate dental supplement product[2]	Under PEBA's rules, employer cannot offer a dental supplement product through a separate cafeteria plan
Long Term Disability	Basic LTD (The Standard)	Not applicable (premium is paid by employer upon employee participation in health insurance)	Under PEBA's rules, employer cannot offer a separate long term disability product	Not applicable
Long Term Disability Supplement	Supplemental LTD (The Standard)	Cannot be paid through PEBA's cafeteria plan	Under PEBA's rules, employer is prohibited from offering a separate group long term disability supplement product	Not applicable
Life Insurance with Accidental Death and Dismemberment (AD&D)	Basic Life (Minnesota Life)	Not applicable (premium is paid by employer upon employee participation in health insurance)	Contact PEBA for a determination on whether the product is allowable	Not applicable
Life Insurance with AD&D Supplement	Optional Life (Minnesota Life)	Must offer option to pay premiums for up to $50,000 coverage through PEBA's cafeteria plan (see *BA Manual* for more information)	Under PEBA's rules, employer is prohibited from offering a separate group term life insurance, AD&D supplement product	Under PEBA's rules, employer cannot offer a life insurance, AD&D supplement product through a separate cafeteria plan
	Dependent Life -Spouse and Child (Minnesota Life)	Cannot be paid through PEBA Insurance Benefits' cafeteria plan		
Vision	State Vision Plan (EyeMed)	Must offer option to pay for PEBA's product through PEBA's cafeteria plan	Under PEBA's rules, employer is prohibited from offering a separate vision product	Under PEBA's rules, employer cannot offer a vision product through a separate cafeteria plan

PEBA's insurance benefits chart continued from previous page

Any other type of insurance (short-term disability, cancer, etc.)	Not available; none offered	Not applicable	Under PEBA's rules, employer is not prohibited from offering other types of insurance[2]	Under PEB's rules, employer is not prohibited from offering other types of IRS-qualified benefits through a separate cafeteria plan, subject to federal law. However, employer must provide a copy of the separate cafeteria plan to PEBA for information purposes[3]

Employee is not eligible for PEBA's insurance benefits

Type	PEBA's insurance benefits product(s)	PEBA's cafeteria plan[1]	Can employer offer separate product?	Separate cafeteria plan?
Health	Not available	Not available	Employer is not prohibited by PEBA from offering separate products to employees who are not eligible for PEBA's benefits	Under PEBA's rules, employer is not prohibited from offering other types of IRS-qualified benefits through a separate cafeteria plan, subject to federal law. However, employer must provide a copy of the separate cafeteria plan to PEBA for information purposes[3]
Dental	Not available	Not available		
Long Term Disability	Not available	Not available		
Life Insurance	Not available	Not available		
Accidental Death and Dismemberment	Not available	Not available		
Vision	Not available	Not available		
Any other type of insurance (short-term disability, cancer, etc.)	Not available	Not applicable		

[1]*PEBA's cafeteria plan is referred to as MoneyPlus and is administered by WageWorks. Only PEBA products may be offered through PEBA's cafeteria plan.*

[2]*Employer must offer PEBA's insurance benefits products to all benefits-eligible employees and may not provide an incentive for those employees to take the separate product.*

[3]*PEBA does not offer tax or legal advice regarding the employer's separate cafeteria plan. PEBA only reviews the separate cafeteria plan to ensure it does not conflict with PEBA's cafeteria plan and PEBA's rules as established in the* Local Subdivision Handbook.

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