

## 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, so 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 employee's layoff or leave of absence. The seasonal employee's 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 the 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 Employee

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 2<sup>nd</sup> (spring) semester and have or are expected to have a contract for the 1<sup>st</sup> (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 1<sup>st</sup> 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 2<sup>nd</sup> semester and the following 1<sup>st</sup> 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 or nine 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 his or her 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. See Section 501 of the Group Life Insurance Employer Administration Manual for details.

5. 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 Leave of Absence Without Pay (LWOP) for the 1<sup>st</sup> semester of the academic year

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

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

\*\* Employer premium for health and ICI granted for first three months of leave of absence. Employer premium for life is not limited to three months.

### Health Insurance.

Premiums are taken two months in advance. Four deductions are taken from the May payroll, paid June 1 (*coverage months July, August, September, and October*). If the employee pre-pays his or her share of the premium for September, October and November, s/he is eligible for employer contributions for the first three months of the leave of absence (*coverage months November, December and January*). The employee would be responsible for the entire premium for December (*coverage month February*). Regular payroll deduction would resume on the January payroll, paid February 1, for March coverage.

The employee is not entitled to a refund of premiums paid in December for the coverage month of February, because s/he has already received the benefit of employer contributions that were paid in advance at the beginning of the leave.

### State Group Life Insurance.

Premiums are taken two months in advance. Four deductions are taken from the May payroll, paid June 1 (*coverage months July, August, September, and October*). If the employee pre-pays his or her share of the premium for September, October, November and December, s/he is eligible for employer contributions for the same period (*coverage months November, December, January and February*). Regular payroll deduction would resume on the January payroll, paid February 1, for March coverage.

### Income Continuation Insurance

Premiums pay for coverage in the month they are taken. Four deductions are taken from the May payroll, paid June 1 (*coverage months May, June, July and August*). If the employee pre-pays his or her share for September, October, and November, s/he is eligible for employer contributions for the first three months of the leave of absence (*coverage months September, October and November*). The employee would be responsible for the entire premium for December (*coverage month December*). Regular payroll deduction would resume on the January payroll, paid February 1, for January coverage.

If the employee does not pre-pay health, life, and/or ICI premiums, then the re-enrollment rules for the plans apply. The employee must submit applications within 30 days of returning to work.

## Example 2

Approved LWOP for the 2<sup>nd</sup> semester of the academic year.

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

\* Employer premium granted for first three months of leave of absence for health and ICI. Employer premium for State Group Life is not limited to three months.

\*\* Employer premiums resume if employee is expected to return in 1<sup>st</sup> semester of the following academic year and is pre-paying his/her share (if any).

Usually 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 1<sup>st</sup> semester of the following academic year following the leave.

### Health Insurance

Premiums are taken two months in advance. The January payroll, paid February 1, pays for coverage in March. If the employee pre-pays his or her share of the premium for February, March, and April, s/he is eligible for employer contributions for the first three months of the leave of absence (*coverage months April, May, and June*). The employee would be responsible for the entire premium for May (*coverage month July*). Regular payroll deduction would resume on the August payroll, paid September 1, for November coverage.

### State Group Life Insurance

Premiums are taken two months in advance. The January payroll, paid February 1, pays for coverage in March. If the employee pre-pays his or her share of the premium for February, March, April and May, s/he is eligible for employer contributions for the same period (*coverage months April, May, June and July*). Regular payroll deduction would resume on the August payroll, paid September 1, for November coverage.

### Income Continuation Insurance

Premiums pay for coverage in the month they are taken. Premiums for January coverage are taken on the January payroll, paid February 1. If the employee pre-pays his or her share for February, March and April, s/he is eligible for employer contributions for the first three months of the leave of absence (*coverage months February, March and April*). The employee would be responsible for the entire premium for the May payroll month (*coverage month May*). Regular payroll deduction would resume on the August payroll, paid September 1 for August, coverage.

If the employee does not pre-pay health, 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 3

Approved LWOP beginning with the 2<sup>nd</sup> semester and extending through the following 1st semester.

	2 <sup>nd</sup> Semester				Summer			1st Semester				2 <sup>nd</sup> Semester	
<b>Payroll Month</b>	Jan	Feb*	Mar*	Apr*	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan
<b>Coverage Month</b>	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
<b>Employer paid premium</b>	Both	Both	Both	Both	None							Both	
<b>Employee paid premium</b>					Entire Premium								

\* Employer premium for health and ICI granted for first three months of leave of absence.  
Employer premium for life is not limited to three months.

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.

#### State Group Health Insurance

Premiums are taken two months in advance. The January payroll, paid February 1, pays for coverage in March. If the employee pre-pays his or her share of the premium for February, March and April, s/he is eligible for employer contributions for the first three months of the leave of absence (*coverage months April, May and June*). The employee would be responsible for the entire premium for each month thereafter, May – December, (*coverage months July – February*) until s/he returns to active payroll status. Regular payroll deduction would resume with the January payroll, paid February 1, for March coverage.

#### State Group Life Insurance

Premiums are taken two months in advance. The January payroll, paid February 1, pays for coverage in March. If the employee pre-pays his or her share of the premium for February, through December, the entire leave of absence, s/he is eligible for employer contributions for the same period (*coverage months April - February*). Regular payroll deduction would resume with the January payroll paid February 1, for March coverage.

#### Income Continuation Insurance

Premiums pay for coverage in the month they are taken. Premiums for January coverage are taken on the January payroll, paid February 1. If the employee pre-pays his or her share for February, March and April, s/he is eligible for the employer contributions for the first three months of the leave of absence (*coverage months February, March and April*). The employee would be responsible for the entire premium for the May through December payroll months (*coverage months May through December*). Regular payroll deduction would resume on the January payroll, paid February 1, for January coverage.

If the employee does not pre-pay health, 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 4

Approved LWOP for a full academic year (1<sup>st</sup> and 2<sup>nd</sup> semesters)

Calendar Year 1												
	2 <sup>nd</sup> Semester					Summer			1st Semester			
<b>Payroll Month</b>	Jan	Feb	Mar	Apr	May*	June*	July*	Aug*	Sep**	Oct**	Nov**	Dec
<b>Coverage Month</b>	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
<b>Employer paid premium</b>	Both	Both	Both	Both	Both	Both	Both	Both	Both	Both	Both	None
<b>Employee paid premium</b>												Entire Premium

Calendar Year 2												
	2 <sup>nd</sup> Semester					Summer			1st Semester			
<b>Payroll Month</b>	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
<b>Coverage Month</b>	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
<b>Employer paid premium</b>	None								Both	Both	Both	Both
<b>Employee paid premium</b>	Entire Premium											

\* May multiple deductions are taken from May payroll for summer months calendar year 1.

\*\* Employer premium granted for first three months of leave of absence calendar year 1.

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 taken two months in advance. Four deductions are taken from the May payroll, paid June 1, (*coverage months August, September, October*). If the employee pre-pays his or her share of the premium for September, October, and November s/he is eligible for employer contributions for the first three months of the leave of absence (*coverage months November, December, and January*). The employee would be responsible for the entire premium for December through August (*coverage months February through October*). Regular payroll deduction would resume on the September payroll, paid October 1, for November coverage.

#### State Group Life Insurance

Premiums are taken two months in advance. Four deductions are taken from the May payroll, paid June 1 (*coverage months August, September, October*). If the employee pre-pays his or her share of the premium for the entire leave of absence, September through August, s/he is eligible for employer contributions for the same period (*coverage months November through October*). Regular payroll deduction would resume on the September payroll, paid October 1, for November coverage.

## Income Continuation Insurance

Premiums pay for coverage in the month they are taken. Four months of premiums are taken from the May payroll in calendar year 1 for the coverage months May, June, July and August. If the employee pre-pays his or her share for September, October and November, s/he is eligible for employer contribution for the first three months of the leave of absence (coverage months September, October and November). The employee would be responsible for the entire premium for December through August (coverage months December through August). Regular payroll deduction would resume on the September payroll, paid October 1, for September coverage.

If the employee does not pre-pay health, 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 <sup>nd</sup> Semester				
<b>Payroll Month</b>	Jan	Feb*	Mar*	Apr*	May
<b>Coverage Month</b>	Mar	Apr	May	June	July
<b>Employer paid premium</b>	Both	Both	Both	Both	None
<b>Employee paid premium</b>					Entire Premium

\*Employer premium granted for the first three months of a leave of absence.

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. For example, suppose the employee has accepted a non-UW position effective in September and goes on LWOP during the preceding 2<sup>nd</sup> semester.

## Health Insurance

Premiums are taken two months in advance. The January payroll, paid February 1, pays for coverage in March. If the employee pre-pays his or her share of the premium for February, March, and April, s/he is eligible for employer contributions for the first three months of the leave of absence (*coverage months April, May, and June*). The employee would be responsible for the entire premium for May (*coverage month July*). Since employment would terminate at the end of the second semester, coverage would end on July 31. Continuation would then be available under COBRA.

## State Group Life Insurance

Premiums are taken two months in advance. The January payroll, paid February 1, pays for coverage in March. If the employee pre-pays his or her share of the premium for February, March, April and June), s/he is eligible for employer contributions for same period (*coverage months April, May, June and July*).

Under the provisions of the State Group Life Insurance contract, coverage ends the last day of the month following the month employment terminates. Therefore, coverage would terminate June 30. Continuation or conversion rights may be available.

### **Income Continuation Insurance**

Premiums pay for coverage in the month they are taken. Premiums for January coverage are taken on the January payroll, paid February 1. If the employee pre-pays his or her share for February, March, and April, s/he is eligible for the employer contribution for the first three months of the leave of absence (*coverage months February, March and April*). S/he could pay the entire premium for May. Coverage would end on the last day in May, the date employment terminates. There are no continuation or conversion rights.

**Note:** If coverage lapses due to non-payment of premiums or ends due to termination of employment, it should not be reinstated retroactively. In the above situation, if the employee changes his or her plans and is rehired in August, s/he can re-enroll effective September 1 (and then would receive employer contributions for coverage months beginning with September) but should not receive employer contributions for the summer payroll months.