

Dependent Premium Waiver Proposal
Prepared by the Affordability Task Force of the Inter-units Benefits Committee (IUBC)
revised draft – February 1, 2005

Proposal:

Drawing on plan revenue, provide a full waiver for the out-of-pocket dependent child(ren) premium to income-eligible employees.

General guidelines:

- the program will be considered an expense to the plan, not unlike the Wellness Program or the annual administrative costs
- the IUBC will approve that expense annually as it does with other elements of the plan
- this program will be evaluated as a two-year pilot to determine the impact on eligible plan members and the financial implications to the plan (aggregate waiver costs as well as additional claims paid)
- eligibility criteria will include a qualifying annualized wage of \$30,000 or less and an IRS definable/verifiable dependent enrolled in the plan
- premium waiver will be granted to employees who actively select the waiver at the time of open or rollover enrollment
- income eligibility will be verified prior to the award of waiver and remain in effect for the entire plan year

Example (for illustration only; dollar figures are not actual plan costs):

If the plan looked like this:

<i>Plan A</i>	<i>Cost</i>	<i>Out of Pocket</i>	<i>Max waiver</i>
employee	400	--	--
employee + spouse	465	65	n/a
employee + children	475	75	75
employee + family	525	125	75

(Note that for + family premium, the maximum waiver is equal to that of + child.)

Waiver will be applied as follows:

<i>Annualized Salary</i>	<i>Percentage</i>	<i>Total waiver</i>	<i>Employee contribution</i>
less than or equal to \$30K	100	\$ 75	\$ 0
greater than \$30K	not eligible for waiver		

Note:

Legal counsel at OCHE does not foresee any legal implications to a wage-based eligibility determination for a benefit enhancement, so long as it is consistently applied.

Questions discussed:

- *What adjustments, if any, should be made for employees working less than 1.0 FTE?*
Benefits-eligible employees with a qualifying annualized wage and an enrolled dependent will receive the full value of the waiver.
- *What additional eligibility requirements, if any, should be established?*
No additional eligibility requirements have been added to the proposal, nor are any recommended.

Next steps:

- finalize administrative rules
- circulate proposal for campus feedback
- prepare implementation timeline for July 1, 2005 effective date

Important note:

The proposal is presented as a draft and is intended to illustrate the program in order to generate feedback from the campuses. It remains subject to approval by the IUBC, the Commissioner's office and the Board of Regents.