

State of Wisconsin

## DOA - DIVISION OF PERSONNEL MANAGEMENT

- COMPENSATION & LABOR RELATIONS BULLETIN -

Date: October 11, 2016

Locator No: DPM-0432-CLR

Subject: 2017 Health Insurance Premium Rates, Health Savings Account Information, and Opt-Out Information

The purpose of this bulletin is to inform appointing authorities of the monthly employee health insurance contribution rates, Health Savings Account (HSA) information, and opt-out information related to health insurance coverage in calendar year 2017. These rates and amounts are set in accordance with Chapter 40, Wis. Stats. Additional information on these topics will also be available in the *It's Your Choice* material soon to be posted on the Department of Employee Trust Funds (ETF) website.

### SECTION I. HEALTH INSURANCE PREMIUMS FOR 2017

#### A. Teaching and Graduate Assistants

All Teaching Assistants and Graduate Assistants will pay the following new tier rates:

	Employee <u>Monthly Premium</u>			
	<u>Without Dental</u>		<u>With Dental</u>	
	<u>Single</u>	Family	Single	<u>Family</u>
Tier 1	\$42.50	\$105.50	\$45.50	\$113.50
Tier 2	\$67.50	\$169.50	\$70.50	\$177.50
Tier 3	\$131.50	\$328.00	\$134.50	\$336.00

Teaching Assistants and Graduate Assistants are not eligible for high deductible health plan (HDHP) coverage.

#### B. Craft-Related Employees

All represented and nonrepresented employees in craft-related classifications will continue to pay 100% of the total monthly premium for the health insurance coverage selected, including 100% of the total monthly HDHP premium for coverage under an HDHP.

C. **Employees Appointed to Work Less Than 1,040 Hours**  
 Except as noted in A. and B., above, employees appointed to work less than 1,040 hours and WRS-covered LTEs with only one appointment will continue to pay 50% of the total monthly premium for the health insurance coverage selected, including coverage under an HDHP.

D. **Employees Appointed to Work 1,040 Hours or More**  
 Except as noted in A., B., and C., above, all represented and nonrepresented employees appointed to work 1,040 hours or more and WRS-covered LTEs who have at least two concurrent appointments and work at least 1,040 hours, will pay the following new tier rates:

*Regular Coverage:*

	<u>Employee Monthly Premium</u>			
	<u>Without Dental</u>		<u>With Dental</u>	
	<u>Single</u>	Family	Single	<u>Family</u>
Tier 1	\$85	\$211	\$88	\$219
Tier 2	\$135	\$339	\$138	\$347
Tier 3	\$263	\$656	\$266	\$664

*HDHP Coverage:*

	<u>Employee Monthly Premium</u>			
	<u>Without Dental</u>		<u>With Dental</u>	
	<u>Single</u>	Family	Single	<u>Family</u>
Tier 1	\$30	\$74	\$33	\$82
Tier 2	\$80	\$202	\$83	\$210
Tier 3	\$208	\$519	\$211	\$527

**SECTION II. STATEHSA CONTRIBUTIONS**

The annual state contribution toward the HSA in 2017 will be \$750 for single coverage and \$1,500 for family coverage, for employees who are covered by a high deductible health plan for all of 2017. Distribution of the state contributions to the HSA is covered in Section IV.

Employees who are required to pay half the total health insurance premium will receive one-half of the State HSA contribution noted above. Craft-related employees will not receive a state HSA contribution.

### SECTION III. OPT-OUT BENEFIT

2015 Wisconsin Act 55 created s. 40.513, Wis. Stats., which provides eligibility for a \$2,000 stipend if an employee opts out of state group health insurance coverage using an election form (health insurance application) for the following calendar year and is eligible for a state contribution toward health insurance premiums in that year. An employee newly hired to state service during the calendar year will be eligible for a pro-rated stipend if election is made within the first 30 days of state employment. Eligibility for the stipend begins the month in which the employee (including eligible LTEs) would have been eligible for the employer contribution towards the premium. For annual enrollments and for newly hired employees, the employees must be eligible for and elect other health insurance coverage for themselves and covered dependents per IRS regulations. Distribution of this opt-out benefit is covered in Section IV.

An employee is not eligible for this opt-out benefit, either in 2017 or future years, if the employee was eligible for the state health insurance contribution in 2015 and elected not to receive coverage in that year or if the employee is a covered dependent on a state health insurance contract (ex. covered as a spouse, domestic partner or child).

Employees who are required to pay half the total health insurance contribution (including eligible LTEs and others working less than 1040 hours) will be eligible for the full amount of the opt-out benefit, subject to Section IV, below. Craft-related employees will not be eligible for the opt-out benefit because they are not eligible to receive state contributions toward health insurance premiums. Graduate Assistants and Short-Term Academic Staff not covered by the Wisconsin Retirement System are also not eligible for the opt-out benefit.

### SECTION IV. DEDUCTIONS AND STATE CONTRIBUTIONS/PAYMENTS

*STAR Agencies Health Insurance Deductions:* Consistent with what was done in 2016, employees who work for agencies covered by STAR will have health insurance premiums distributed evenly across 24 pay periods per year. The total premium will be split evenly between the first two paychecks payable within the month. If there is a third check payable within the month, no health insurance deductions will be taken from that pay period.

(Note: UW System will continue to maintain their current payroll and deduction schedules.)

*State HSA Contributions:* State HSA contributions in 2017 will be distributed evenly over 24 pay periods for employees who are paid biweekly and over 12 pay periods for employees paid on a monthly basis. The payroll center will determine the appropriate payment method for academic year or seasonal employees. If HDBP/HSA coverage is effective after January 1, 2017, the employee will receive a prorated annual BSA state contribution based on the coverage effective date. The employee will receive \$62.50 per month for every month in which the employee has single coverage and \$125.00 per month for every month in which the employee has family coverage. If an employee terminates coverage during 2017, the employee will receive the state BSA contribution through the final month of coverage. IRS guidance indicates that an employee eligible for health insurance on the first of a month must receive the

full BSA contribution for that month (i.e., \$62.50 for single coverage and \$125.00 for family coverage) so it may be necessary to process a Pay One-Time Transaction (POTT) for an employee that terminates early in a month, to ensure that the employee receives an amount equal to two biweekly BSA contributions for that month.

If an employee changes their health insurance coverage level (single to family or vice versa), the employee will receive the BSA employer contribution associated with the health insurance premium that is required for that coverage month (\$62.50 for single and \$125.00 family).

The BSA employer payments will not count toward Wisconsin Retirement System earnings.

***State Opt-Out Payments:*** State payments for opting out of health insurance in 2017 will be distributed as they were in 2016. If an employee is paid bi-weekly, the opt-out stipend will be distributed evenly over 24 bi-weekly payments. For employees who work for agencies covered by STAR, these payments will occur on the first two checks payable within the month. Employees paid monthly will receive one payment per month. Pro-ration of payments for employees who leave state service during the calendar year will be accomplished by not providing any payments that would have occurred on future paychecks. Unlike BSA contributions, there is no need to ensure that an employee receives both biweekly opt-out payments in a month when an employee terminates. For those obtaining state coverage after January 1 (e.g., new hires or due to a qualifying event), a pro-ration will be accomplished by providing the same size payments as other employees receive but only on the remaining eligible paychecks (first and second checks payable within the month for STAR agencies) in months that the employee would have been eligible for state contribution toward health insurance coverage.

If an employee initially opts out of coverage for 2017 but later enrolls due to a qualifying event, the stipend must be stopped as soon as health insurance is effective.

The opt-out payments will be considered taxable but will not count toward Wisconsin Retirement System earnings.

## SECTION V. REFERRAL OF QUESTIONS

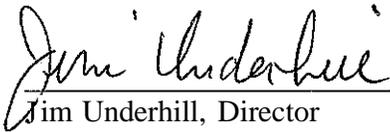
### **Employee Questions:**

Employees with questions regarding the contents of this bulletin should contact their agency Human Resources or Payroll Office directly.

### **Employer Questions:**

Employer questions regarding the contents of this bulletin should be directed to Paul Ostrowski by phone at (608) 267-0343 or by e-mail at [paul.ostrowski@wisconsin.gov](mailto:paul.ostrowski@wisconsin.gov).

Employer questions regarding *payroll processing* should be directed to Nicole Zimm, DOA Central Benefits, at (608) 261-9211 or by e-mail at [nicole.zimm@wisconsin.gov](mailto:nicole.zimm@wisconsin.gov).



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Jim Underhill, Director

Bureau of Compensation and Labor Relations