



Rowan College of South Jersey

Administrative Procedure: 7101

HEALTH INSURANCE, WAIVER OF COVERAGE, AND CONTINUATION OF BENEFITS

The College withholds an employee's healthcare contribution in accordance with Chapter 78, P.L. 2011 of the State of New Jersey. This law established charts that are used to determine an employee's health benefits contribution percentage based on the employee's salary and coverage type (single, family, parent/child, member/spouse). Beginning July 1, 2017, all employees are in the fourth year of the charts.

Under the law, employees who elect to waive their healthcare coverage are entitled to an annual payment (verify), which will not exceed 25% or \$5,000, whichever is less, of the amount saved by the College. Since waiver payments are based on the amount saved by the College, the waiver calculation must factor the amount he/she would be contributing if he/she were participating in health benefits.

Employees who waive the State Health Benefit Program/School Employee's Health Benefits coverage will not be eligible to receive a waiver payment if they will currently be covered by the State Health Benefits Program (SHBP)/School Employees' Health Benefits Program (SEHBP).

The College pays out the annual waiver amount quarterly. Payments are processed through payroll and paid the last pay of the month in March, June, September, and December.

The premiums utilized to calculate waiver payments are based on the plan in which the majority of employees are enrolled.

The employee's waiver payment is calculated as follows:

- The quarterly premium is calculated based on the coverage the employee is waiving.
- The chart is examined to determine the employee's contribution percentage. For example, a non-represented employee waiving family coverage with a base salary of \$54,000 annually would be required to contribute 12.00% of the premiums.
 - The employee's contribution is the **greater** 1.5% of their salary, or the amount calculated based on the chart. This amount is known as the "savings" to the College.
- The premium less the "savings" (i.e. premium minus the **greater of** the percentage of premiums **OR** 1.5% of the employee's salary) is then calculated.

- The waiver payment is then calculated as 25% of the premium less the savings to the College. This amount cannot exceed \$1,250.00 **quarterly**, or \$5,000.00 **annually**.

When an employee begins his/her employment at the College, he/she is not eligible to be enrolled in the health benefits program for a period of 60 days, unless he/she is coming from an entity that participates in the SHBP/SEHBP programs.

If a new employee is waiving coverage, his/her waiver payment will be prorated based on when he/she would have been eligible to enroll in the health benefits program. For example, if a new employee starts March 1, he/she would not be eligible to participate in the health benefits program until May 1. Based on this, the employee will receive a prorated waiver payment from May 1 - June 30.

However, an employee will be credited the full month for waiver compensation, if he/she worked one or more days in the month. For example, if a new employee starts March 20th, he/she would not be eligible to participate in the College's health benefit program until May 20th. However, based on the above provision, the employee would still receive a full waiver payment for the period May 1- June 30th.

Similarly, if an employee that has been waiving his/her health benefits coverage, decides to enroll in the health benefits program during the quarter, he/she will receive a prorated waiver payment based on the period he/she was still waiving coverage. For example, an employee that has been waiving coverage decides to enroll in the health benefits program with an effective date of March 1, he/she would receive a prorated waiver payment for the period January 1 to February 28.

Conversely, if an employee that has been waiving health benefits coverage is terminated/terminates his/her employment during the quarter, the employee will not be eligible for a waiver payment unless the President determines extenuating circumstances existed.

Area: Human Resources
Approved: 07/01/19

President's Authorization:



References:

Rowan College of South Jersey Board of Trustees Policy Manual, *7101 Health Insurance, Waiver of Coverage, and Continuation of Benefits*

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