

## **Section 803.03**

### **Group Insurance Programs**

Regular employees working half-time or better have made available upon employment a comprehensive group insurance program. Coverage's include life, health, dental, major medical and long-term disability, and long-term care protection. Certain of these programs are paid in full by Valdosta State University with participation in others ranging from 75% to non-contributory. The following sections outline the various programs and are accurate at date of publication; however, changes in coverage do occur, and the employee should always review the appropriate brochure in the Department of Human Resources before assuming certain coverage's are in effect.

#### **1. Basic Life Insurance**

Valdosta State University provides a basic life insurance program to all regular employees working half-time or better. This program features an accidental death and dismemberment benefit of equal value and a disability income provision for those covered prior to November 1, 1980. This program is continued into retirement for employees having ten years of current, consecutive service, with Valdosta State University paying 100% of the program's cost. The amount of insurance available in retirement depends upon the employee's salary upon retirement.

#### **2. Supplemental Life Insurance**

Employees may purchase additional life insurance to supplement their estate. Such coverage is based on a multiple of contract salary (budgeted salary), with premiums based on age. Portions of the supplemental life amount can be carried into retirement providing the employee has met eligibility requirements. Premiums for supplemental life may be paid on a pre-tax basis at the election of the employee.

### **3. Dependent Life Insurance**

Family life insurance with a maximum limit of \$10,000 per eligible dependent may be purchased for a total of \$4.70 monthly. Dependent coverage, for eligible employees, may be continued at a reduced level upon retirement.

### **4. Insurance Benefits for Employees on Leave**

Any employee of the University who is on an approved leave of absence may elect to continue his group insurance coverage. Such coverage for those on leave without pay shall not exceed one year; whereas, those on leave with pay shall have this option for the duration of such leave. Premium payments shall be made by the employee on a regular basis while on leave.

### **5. Life Insurance Benefits at Retirement**

University employees who are eligible for retirement as set forth in Section 803.08 or Section 803.081 of the policy manual are allowed to continue their life insurance programs into retirement. Reduction of life insurance in force occurs upon date of retirement and upon attainment of ages 60 and 70, dependent upon the initial date of coverage under the basic and/or supplemental life insurance programs.

Charges for supplemental life insurance amounts are the retiree's responsibility. Lost amounts of supplemental life insurance coverage which is the result of reduction factors may be converted to individual programs, if desired. Charges for such will obviously be higher than the group rates. Premiums for such coverage are payable on the first of each month immediately upon retirement.

The following schedules of life insurance are based on current policy provisions and are defined in the insurance brochure.



**a. Employees insured for Supplemental Life subsequent to 11-1-80**

Life coverage upon retirement will be 50% of the total in force or the amount shown on the following schedule, whichever is less. AD & D coverage is canceled upon retirement.

<b>Yearly Pay at Retirement</b>	<b>Basic</b>	<b>Supplemental</b>
Less than \$3,000	\$4,500	-0-
\$3,000 - \$4,000	\$6,000	-0-
\$4,000 - \$5,000	\$8,000	-0-
\$5,000 - \$6,000	\$10,000	-0-
\$6,000 - \$7,000	\$12,000	-0-
\$7,000 - \$8,000	\$15,000	-0-
\$8,000 - \$9,000	\$16,500	-0-
\$9,000 - \$10,000	\$20,000	-0-
\$10,000 - \$12,500	\$24,000	-0-
\$12,500 - \$15,000	\$25,000	\$3,500
\$15,000 - \$17,500	\$25,000	\$8,250
\$17,500 - \$20,000	\$25,000	\$13,000
\$20,000 and over	\$25,000	\$15,000

There is a maximum of \$40,000 for retirement coverage.

**b. For Employees Insured for Supplemental Life Prior to 11/1/80**

Life coverage upon retirement will be based on the following schedule to determine the maximum amount of available coverage. Reductions in coverage will occur at age 67 and age 70. AD & D is canceled upon retirement or attainment of age 70 if the individual is actively employed.

In the event of a permanent disability prior to retirement, a monthly income which reduces the basic life value up to \$20,000 is available for a 60-month period and premiums for any remaining life insurance for which the employee is eligible is waived.

Annual compensation at Retirement	If age at retirement is less than 67		If age at retirement is 67 but less than 70		If age at retirement is 70 or greater	
	Basic	Supplemental	Basic	Supplemental	Basic	Supplemental
Less than \$3,000	\$9,000	-0-	\$5,850	-0-	\$4,500	-0-
\$3,000 BLT \$4,000	\$12,000	-0-	\$7,800	-0-	\$6,000	-0-
\$4,000 BLT \$5,000	\$15,000	-0-	\$9,750	-0-	\$8,000	-0-
\$5,000 BLT \$6,000	\$18,000	-0-	\$11,700	-0-	\$9,000	-0-

\$6,000 BLT \$7,000	\$21,000	-0-	\$13,650	-0-	\$10,500	-0-
\$7,000 BLT \$8,000	\$25,000	\$2,000	\$17,550	-0-	\$13,500	-0-
\$8,000 BLT \$9,000	\$25,000	\$8,000	\$21,450	-0-	\$16,500	-0-
\$9,000 BLT \$10,000	\$25,000	\$15,000	\$25,000	\$1,000	\$20,000	-0-
\$10,000 BLT \$12,500	\$25,000	\$23,000	\$25,000	\$6,200	\$24,000	-0-
\$12,500 BLT \$15,000	\$25,000	\$32,000	\$25,000	\$12,050	\$25,000	\$3,500
\$15,000 BLT \$17,500	\$25,000	\$41,500	\$25,000	\$18,250	\$25,000	\$8,250
\$17,500 BLT 20,000	\$25,000	\$51,000	\$25,000	\$24,400	\$25,000	\$13,000
\$20,000 BLT \$22,500	\$25,000	\$60,500	\$25,000	30,575	\$25,000	\$15,000
\$22,500 BLT \$25,000	\$25,000	\$75,000	\$25,000	\$40,000	\$25,000	\$15,000
\$25,000 BLT	\$25,000	\$80,000	\$25,000	\$43,250	\$25,000	\$15,000



\$30,000

\$30,000 BLT	\$25,000	\$85,000	\$25,000	\$46,500	\$25,000	\$15,000
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\$35,000

\$35,000 BLT	\$25,000	\$90,000	\$25,000	\$49,750	\$25,000	\$15,000
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\$40,000

\$40,000 BLT	\$25,000	\$95,000	\$25,000	\$53,000	\$25,000	\$15,000
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\$45,000

\$45,000 and over	\$25,000	\$100,000	\$25,000	\$56,250	\$25,000	\$15,000
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**c. Schedule of Supplemental Life Insurance Premiums.** The following life insurance premiums are those in effect since October 1, 2002 for supplemental life coverage.

Attained age as of January 1 for all employees.

<b>ACTIVE EMPLOYEES</b>		<b>RETIRED EMPLOYEES</b>	
<b>Age</b>	<b>Rates/\$1000</b>	<b>Age</b>	<b>Rates/\$1000</b>
Under 25	\$0.06	Under 25	\$0.06
25 - 29	\$0.07	25 - 29	\$0.07
30 - 34	\$0.09	30 - 34	\$0.09
35 - 39	\$0.10	35 - 39	\$0.10
40 - 44	\$0.12	40 - 44	\$0.12
45 - 49	\$0.17	45 - 49	\$0.17
50 - 54	\$0.26	50 - 54	\$0.27



55 - 59	\$0.49	55 - 59	\$0.51
60 - 64	\$0.77	60 - 64	\$0.78
65 - 69	\$1.52	65 - 69	\$1.55
70 & Over	\$2.46	70 & Over	\$2.60

*\* AD&D is an extra \$0.03 per \$1000*

*Enrolled in supplemental life before 1980, upon retirement, AD&D coverage is effective until age 70.*

*Enrolled in supplemental life after 1980, upon retirement, AD&D coverage is terminated.*

Rates shown above are for each \$1,000 of insurance and include a charge for accidental death and dismemberment benefits.

#### **d. Pre-Tax Premium Option**

Employees may elect to pay for supplemental life using the pre-tax premium option.

This serves to reduce salary subject to Federal, State and Social Security tax withholdings

### **6. Group Health Insurance**

The group health insurance program provides extensive coverage for the health care costs of University employees. This is a self-insurance program with a third party administrator adjudicating the claims. The cost of the program is shared, with the University paying approximately 80% of the premium. Employee premiums are paid on a pre-tax basis, thus reducing the cost of their monthly outlay.

**a. Enrollment** - Employees and eligible dependents, as defined by the policy, must enroll within 31 days of said eligibility or await the open enrollment period. Those

failing to enroll during their initial eligibility period will be subject to pre-existing condition clauses once insured.

- b. Plan Year** - The University group insurance programs are based on the plan year, January - December, and changes in elected coverages in absence of a qualifying event are disallowed in accordance to Internal Revenue Code.
- c. Benefit Features** - Details of available coverages are found in the insurance booklets, and the Human Resources Office staff is available to assist in claims handling or problems encountered.

Employees are encouraged to become familiar with policy provisions to assure prompt and accurate claims handling. Additionally, failure to follow certain procedures may result in financial penalties or otherwise negate the coverage.

## **7. Group Dental Insurance**

A program of dental insurance is available upon employment to all employees and their eligible dependents as defined by the policy. Dental coverage is not open enrolled unless a special enrollment period is declared by the Board of Regents. Initial enrollment must be accomplished within 31 days of initial eligibility or from date of qualifying event.

Premiums are paid with pre-tax dollars and the University does not share in the cost of the program.

Details of coverage are found in the booklets available in the Human Resources Department.

## **8. Medicare Coordination**

Employees and their dependents who are eligible for Medicare must enroll upon eligibility as our self-insurance program requires benefit coordination. Premium reduction for Medicare coordination is allowable and employees so effected should



report Medicare insurance inception to the Department of Human Resources immediately.

## **9. Health Coverage at Retirement.**

University employees who are eligible for retirement as set forth in Section 803.08 or Section 803.081 of the policy manual can continue their group health/dental insurance programs into retirement. The University will continue its participation in the cost of the program, as defined by Board of Regents policy.

**a. Health Coverage for Dependents of a Deceased Employee.** In the event of the death of an employee or retired employee, provisions for continuation of the health insurance program have been made. The Human Resources will advise dependents of such rights upon the death of an employee.

## **10. Continuation of Coverage Following Termination of Employment or Loss of Eligibility**

The Consolidated Omnibus Budget Reconciliation Act (COBRA) which became effective July 1, 1986, requires an employer to extend coverage under the group health program when certain qualifying conditions are met.

Qualifying Events - The following circumstances are those directly addressed by the law and which will require the employer to offer extended coverage for the designated period.

- a.** Coverage months must be offered to employees and/or dependents if health coverage would terminate due to:
1. Layoff.
  2. Reduction to less than 20 hours weekly.
  3. Voluntary termination of employment.
  4. Discharge for reasons other than "gross misconduct."

When these "qualifying events" occur, coverage for an 18 month period is available. Should the individual be re-employed, become covered by another group, become

eligible for Medicare, or fail to make timely premium payments, such coverage will be canceled immediately.

Following an 18 month period, such coverage will automatically terminate.

- b.** Coverage for a 36 month period will be offered should any of the following "qualifying events" occur.
1. Death of an employee who has less than 10 years of current consecutive service.
  2. Divorce or legal separation of the employee and spouse.
  3. Ceasing to be a "dependent" according to plan definition.

Any of the following events eliminate the employer's liability and result in immediate benefit cancellation:

Remarriage and coverage under any other group plan for a widowed or divorced spouse, subsequent coverage as a dependent child under any other group plan, coverage as an employee under any other group plan, eligibility for Medicare, and/or failure to make timely premium payments.

- 4. Premium Payments** - Individuals desiring extended coverage are responsible for advanced premium payments and must pay the entire premium for the plan plus a 2% administrative charge. Failure to pay such advanced premiums will lead to cancellation of coverage on the first day of the month. Therefore, all such premiums should be paid no later than the 25th of each month for the ensuing month's protection.
- 5. Employee Responsibility** - An employee or covered individual is required to notify the employer should any of the mentioned "qualifying events" occur.
- 6. Employer Responsibility** - Once notified, the employer must allow at least 60 days for an eligible individual to elect coverage under the group plan.

## 11. Long-Term Disability

A program designed to guarantee up to 70% of an employee's contract salary at date of disability to age 70, dependent upon age at disability, is available on employment. This program features an option of a three-month or a five-month waiting period and coordinates all income available through employment sources in reaching the 70% guarantee. In the event an employee's income exceeds the guaranteed level, a minimum benefit of 10% is payable. Those employees having no income available from disability sources shall have a 60% guaranteed income.

- a. Dividends.** Any dividend received as a result of favorable experience shall be held in a premium stabilization reserve account and used to increase benefits of the plan and/or maintain or reduce associated employee costs.
- b. Optional Retirement Participants (ORP).** Staff employees having the optional retirement program, by virtue of their appointment, rather than the Teachers Retirement System (TRS) shall have a long-term disability program that does not coordinate with their pension program in that the ORP values, unlike that of the TRS generally continue to increase in value the longer they are held.

Cost of the program is born by the employee, and further details can be found in the insurance booklet, which is available in the Department of Human Resources.

## 12. Long Term Care

A program to cover portions of the costs associated with long term care is offered by the university. This program is available upon employment and may be open enrolled at any time with proof of insurability. This coverage is not Medicare coordinated and the employee may elect various levels of coverage. Premiums for the program are based on the desired reimbursement level and the employee's age at date of employment.

Further details on the program are available in the insurance office.