



**UNIVERSITY OF ILLINOIS**

AT URBANA-CHAMPAIGN



**2013 BUSINESS LEADERSHIP CONFERENCE**

# **Determining Benefit Eligibility and the Impact on Payroll**

March 12, 2013

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*Destination Success*

# Workshop Presenters

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# Please ...

- Turn off cell phones
- Avoid side conversations
- Hold questions until the end of session
- Sign the attendance roster
- Complete the evaluation at the end of the workshop

# Workshop Objectives

- Present the State Department of Central Management Services' (CMS) insurance benefit eligibility requirements including how foreign national tax status, FTE and Employee Group changes affects eligibility
- Review CMS enrollment rules and deadlines
- Explain how we pay for insurance versus how we are paid for work

# Topics

- State of Illinois Department of Central Management Services (CMS)
  - Insurance Benefits Eligibility Criteria
  - Substantial Presence Test (SPT) and Insurance Eligibility
  - FTE, Employee Group Changes (EGC) and Benefit Category Deductions
  - Enrollment Guidelines
- Insurance Coverage Periods

# CMS

- The State Department that administers the provisions set forth in the State Employees Insurance Act of 1971
- Benefits eligibility and enrollment rules are determined by this Act

[CMS - State Employee Benefits Website](#)

# INSURANCE BENEFITS ELIGIBILITY

# Insurance Benefits Eligibility

- CMS Criteria
  - Eligible to participate in SURS
    - Employees who have an appointment greater than 0% for at least 4 months
  - Appointment of 50% time or more
- Full-time Insurance Status - 100% x 9 months
- Part-time Insurance Status
  - 50 – 99% appt. for 9 months or more
  - IMPORTANT
    - **100% & appointment that is greater than, or equal to, 4.5 months but less than 9 months**



# Insurance Benefits Eligibility

- Insurance FTE calculation
  - $(\text{Length of contract}/9) \times \text{JOB FTE} = \text{Insurance FTE}$
  - $6 \text{ month contract}/9 = .67 \times 100\% \text{ FTE} = 67\%$
  - Insurance FTE must be equal to or greater than 50%
- CMS insurance FTE may result in the employee being considered part-time even if the employee's job FTE = 100%

# SUBSTANTIAL PRESENCE TEST

# Substantial Presence Test

- Substantial presence test (SPT) is a test defined by the IRS to determine if a foreign national qualifies as a resident alien (RA) or a nonresident alien (NRA) for tax purposes
- The SPT has an affect on eligibility for SURS and insurance benefits

# Substantial Presence Test

- You will be considered a U.S. resident for tax purposes if you meet the SPT for the calendar year. To meet this test, you must be physically present in the United States for at least:
  - 31 days during the current year, and
  - 183 days during the 3-year period that includes the current year and the 2 years immediately before that

# Substantial Presence Test and Insurance Eligibility

- Depending on visa type new foreign national employees may not be eligible for insurance until Substantial Presence has been met
- The process is expedited by registering for a tax status appointment on the [OBFS website](#)
- All visa types other than F, J, M and Q are automatically benefits eligible if they meet SURS and CMS eligibility requirements
- Review of the offer letter and job in Banner is required to make a determination of benefits eligibility
- Employees should supply a copy of their offer letter to UPB if not on file in Banner

# Substantial Presence Test

- Each year in the month of November a mass SPT is run to determine the tax status of current foreign national employees for the next calendar year effective January 1st
- Employees can gain or lose insurance eligibility based on the SPT determination

# Substantial Presence Test

- Employees who meet Substantial Presence effective January 1<sup>st</sup>, with an appointment greater than 0% for at least 4 months, are required to contribute to SURS
- Employees may become eligible for Insurance coverage on or after January 1st
  - CMS insurance FTE calculation

# Substantial Presence Test

- Employees who gain eligibility to participate in the State of Illinois Group Insurance Program on January 1 must have a job going forward that is at least 4.5 months at 100%



# Substantial Presence Test

- Employees losing insurance eligibility are notified that their State of Illinois Group Insurance coverage will end at midnight on December 31st
- Employees who have not reported any changes in tax residency status to payroll should contact UPB as soon as possible

# Substantial Presence Test

- Employees with less than the required FTE and/or length of job may become eligible upon receiving a new job or extension of current appointment
  - Individuals who become a RA effective January 1st, Job end date of March 31st
    - Not eligible for SURS or insurance benefits
- New job February 28th to August 15th
  - As of February 28th employee meets the minimum time requirement of 4.5 months at 100% and is eligible for insurance paying part-time insurance premiums  
( $5.5/9 = .61 \times 100\% = 61\%$ )

# Substantial Presence Test

Employees who pass the SPT later in the year may be eligible for insurance on the date UPB Benefits is notified of the change in tax residency status

- SPT passed on April 5th
- UPB Benefits notified April 12th
- Employee eligible for coverage April 12th if job meets the 4.5 months at 100% equivalent from April 12th forward

# FTE and Employee Group Changes

# FTE and Employee Group Changes

- Non-insurance benefits eligible to insurance benefits eligible
- Insurance benefits eligible to non-insurance benefits eligible
- Part-time to full-time
- Full-time to part-time

# Non-Insurance Benefits Eligible to Insurance Benefits Eligible

- Extra-help, Academic Hourly or FTE less than 50% who become insurance benefits eligible
- Effective date of insurance is date of status change
- Benefit Category changed to Temporary Change (TC)
- May need to complete paper enrollment forms
- Per CMS rule – cannot remain a dependent on another state employee's insurance plans

# Insurance Benefits Eligible to Non-Insurance Benefits eligible

- Loss of insurance eligibility
  - Effective date of change
  - Resident Alien to Nonresident Alien
- Qualifying event (spouse or parent)
- COBRA
  - CMS administers
  - Up to 18 months

# Part-Time to Full-Time

- Qualifying Event to enroll
  - Non-participating (Waived)
    - They are defaulted to Quality Care Health Plan if election is not made prior to effective date
    - 10 calendar days to make an alternative health/dental election otherwise QCHP coverage remains
    - Effective date is date of FTE change
    - 60 calendar days to add dependent coverage
  - Participating
    - 60 days to opt-out with proof of other non-state coverage
    - Deductions should change automatically



# Full-Time to Part-Time

- Qualifying event
- Employee has 60 days to submit waiver
  - Waiver effective the request or event date, whichever is later
- CMS will start charging part-time premiums effective the date of the FTE change
  - Make request prior to FTE change!

# Benefit Categories and Deductions

Benefit Category	M1 & B1	M2 & B2	M3 & B3	M4 & B4	TC	ZZ
Category Description	Full Time with FTE of 100% Benefits Eligible	Part Time with FTE from 50 - 99% Benefits Eligible	Part Time with FTE from 01 - 49% Not Benefits Eligible	Extra Help, Grads, Acad. Hourly, Students, Return Retirees & Non Resident Aliens (F,J, M & Q)	Temporary Change	UnPaid (UA) Employees
Required Deductions	Federal State Medicare <b>SURS</b>	Federal State Medicare <b>SURS</b>	Federal State Medicare <b>SURS</b>	Federal State Medicare <b>OASDI</b>	Federal State Medicare	Federal State Medicare <b>OASDI</b>

# Reminder

Please remind employees to contact UPB prior to the effective date of any FTE change or other changes impacting premiums or eligibility.

# ENROLLMENT RULES & DEADLINES

# Enrollment Rules

- Newly benefits eligible employees have 10 calendar days from their eligibility date to make State plan elections including declining coverage
  - Per CMS, an employee who does not submit insurance elections within their first 10 days of eligibility will:
    - Default to the Quality Care Health and Dental plans
    - Receive basic life insurance coverage equal to annual salary
    - Will not be allowed to change plans or add dependents until:
      - Next Benefit Choice period
      - “Qualifying Event” occurs

# Enrollment Rules

- Deadline is in force regardless of whether the job is in Banner
  - Access to NESSIE New Hire may be delayed
  - Public Access NESSIE now has New Hire Insurance information
  - New Orientation Registration system is in development
  - Paper enrollment form may be necessary
- Effective Date of elections will be either:
  - Date of hire or employee group change
  - A date based on UPB Benefits Services notification that employee met Substantial Presence (foreign national visa related)

# Enrollment Rules

- If any dependent such as a spouse, civil union or domestic partner, or child is employed by the University or other Illinois State agency, each must be insured individually as a member
- Dependents must be enrolled in the same health and dental plan as the employee
- Employees transferring from one State agency to another within 10 days are considered “transfers”
  - Existing coverage elections must remain the same unless the health plan is not available in the new work area
  - In this situation, the employee may choose a new health carrier

# Enrollment Deadlines

- Documentation Deadlines
  - New Hire – 15 days
    - Proof of dependent relationship
    - Proof of other health coverage for Opt Out
  - Qualifying Event – 60 days
    - Proof of dependent relationship
    - Proof of event
  - Newborn and Foreign National dependents without a Social Security Number (SSN) will be insured for 90 days.
    - A SSN or proof that the dependent is not eligible for a SSN must be provided to UPB to continue coverage



# INSURANCE COVERAGE PERIODS

# Insurance Coverage Periods

- Monthly paid employees have an insurance period from the first of the month to the end of the month
- Bi-weekly paid employees have insurance periods from the 1st to the 15<sup>th</sup> and the 16<sup>th</sup> to the end of the month
- Work time periods and insurance coverage periods are not the same

## 2013 PAYROLL SCHEDULE

### Academic & Assistant

Paycheck ID	Pay No.	Work Time Paid (Pay Period)	Paycheck Process Date (Calc Date)	Pay Date	Insurance Coverage Period
<b>JAN</b> Monthly	1	12/16/2012 - 01/15/2013	01/07/2013	01/16/2013	01/01/2013 - 01/31/2013
<b>FEB</b> Monthly	2	01/16/2013 - 02/15/2013	02/07/2013	02/15/2013	02/01/2013 - 02/29/2013
<b>MAR</b> Monthly	3	02/16/2013 - 03/15/2013	03/07/2013	03/15/2013	03/01/2013 - 03/31/2013
<b>APR</b> Monthly	4	03/16/2013 - 04/15/2013	04/08/2013	04/16/2013	04/01/2013 - 04/30/2013
<b>MAY</b> Monthly	5	04/16/2013 - 05/15/2013	05/07/2013	05/16/2013	05/01/2013 - 05/31/2013
<b>JUN</b> Monthly	6	05/16/2013 - 06/15/2013	06/06/2013	06/14/2013	06/01/2013 - 06/30/2013
<b>JUL</b> Monthly	7	06/16/2013 - 07/15/2013	07/08/2013	07/16/2013	07/01/2013 - 07/31/2013
<b>AUG</b> Monthly	8	07/16/2013 - 08/15/2013	08/07/2013	08/16/2013	08/01/2013 - 08/31/2013
<b>SEP</b> Monthly	9	08/16/2013 - 09/15/2013	09/08/2013	09/16/2013	09/01/2013 - 09/30/2013
<b>OCT</b> Monthly	10	09/16/2013 - 10/15/2013	10/08/2013	10/16/2013	10/01/2013 - 10/31/2013
<b>NOV</b> Monthly	11	10/16/2013 - 11/15/2013	11/07/2013	11/15/2013	11/01/2013 - 11/30/2013
<b>DEC</b> Monthly	12	11/16/2013 - 12/15/2013	12/08/2013	12/16/2013	12/01/2013 - 12/31/2013

## 2013 PAYROLL SCHEDULE

### Nonacademic, Students, Hourlies & Grad Hourlies

Paycheck ID		Pay No.	Work Time Paid (Pay Period)	Paycheck Process Date (Calc Date)	Pay Date	Insurance Coverage Period
JAN	Bi-Weekly	1	12/09/2012 - 12/22/2012	12/26/2012	01/02/2013	01/01/2013 - 01/15/2013
	Bi-Weekly	2	12/23/2012 - 01/05/2013	01/08/2013	01/16/2013	01/16/2013 - 01/31/2013
	Bi-Weekly	3*	01/06/2013 - 01/19/2013	01/22/2013	01/30/2013	* No deductions taken
FEB	Bi-Weekly	4	01/20/2013 - 02/02/2013	02/05/2013	02/13/2013	02/01/2013 - 02/15/2013
	Bi-Weekly	5*	02/03/2013 - 03/02/2013	02/19/2013	02/27/2013	02/16/2013 - 02/28/2013
MAR	Bi-Weekly	6	02/17/2013 - 03/02/2013	03/05/2013	03/13/2013	03/01/2013 - 03/15/2013
	Bi-Weekly	7	03/03/2013 - 03/16/2013	03/19/2013	03/27/2013	03/16/2013 - 03/31/2013
APR	Bi-Weekly	8	03/17/2013 - 03/30/2013	04/02/2013	04/10/2013	04/01/2013 - 04/15/2013
	Bi-Weekly	9	03/31/2013 - 04/13/2013	04/16/2013	04/24/2013	04/16/2013 - 04/30/2013
MAY	Bi Weekly	10	04/14/2013 - 04/27/2013	04/30/2013	05/08/2013	05/01/2013 - 05/15/2013
	Bi-Weekly	11	04/28/2013 - 05/11/2013	05/14/2013	05/22/2013	05/16/2013 - 05/31/2013
JUN	Bi-Weekly	12	05/12/2013 - 05/25/2013	05/29/2013	06/05/2013	06/01/2013 - 06/15/2013
	Bi-Weekly	13	05/26/2013 - 06/08/2013	06/11/2013	06/19/2013	06/16/2013 - 06/30/2013
JUL	Bi-Weekly	14	06/09/2013 - 06/22/2013	06/25/2013	07/03/2013	07/01/2013 - 07/15/2013
	Bi-Weekly	15	06/23/2013 - 07/06/2013	07/09/2013	07/17/2013	07/16/2013 - 07/31/2013
	Bi-Weekly	16*	07/07/2013 - 07/20/2013	07/23/2013	07/31/2013	* No deductions taken
AUG	Bi-Weekly	17	07/21/2013 - 08/03/2013	08/06/2013	08/14/2013	08/01/2013 - 08/15/2013
	Bi-Weekly	18	08/04/2013 - 08/17/2013	08/20/2013	08/28/2013	08/16/2013 - 08/31/2013
SEP	Bi-Weekly	19	08/18/2013 - 08/31/2013	09/04/2013	09/11/2013	09/01/2013 - 09/15/2013
	Bi-Weekly	20	09/01/2013 - 09/14/2013	09/17/2013	09/25/2013	09/16/2013 - 09/30/2013
OCT	Bi-Weekly	21	09/15/2013 - 09/28/2013	10/01/2013	10/09/2013	10/01/2013 - 10/15/2013
	Bi-Weekly	22	9/29/2013 - 10/12/2013	10/15/2013	10/23/2013	10/16/2013 - 10/31/2013
NOV	Bi-Weekly	23	10/13/2013 - 10/26/2013	10/29/2013	11/06/2013	11/01/2013 - 11/15/2013
	Bi-Weekly	24	10/27/2013 - 11/09/2013	11/12/2013	11/20/2013	11/16/2013 - 11/30/2013
DEC	Bi-Weekly	25	11/10/2013 - 11/23/2013	11/25/2013	12/04/2013	12/01/2013 - 12/15/2013
	Bi-Weekly	26	11/24/2013 - 12/07/2013	12/10/2013	12/18/2013	12/16/2013 - 12/31/2013
	Bi-Weekly	27*	12/08/2013 - 12/21/2013	12/23/2013	12/31/2013	* No deductions taken

# WORKSHOP SUMMARY

# Workshop Summary

- CMS's role in administering University of Illinois benefits
- Insurance benefit eligibility criteria
- How Substantial Presence determines benefits eligibility
- FTE and Employee Group changes and their impact on insurance cost and eligibility
- CMS enrollment rules and deadlines
- The difference between pay periods and insurance coverage periods

# Handout Review

- Insurance pay schedules
- University Annual Summer Break
- Leave Information and enrollment form

# Benefit Choice FY 2014

## May 1 through May 31, 2013

- Benefit Fair scheduled for UIUC
  - Tuesday, May 14, 2013
  - Illini Union Rooms A, B , C
  - 10:00 a.m. to 2:00 p.m.
  - Health, dental, vision, life vendors are expected to be present
- UIUC outreach sessions to be announced



# Contact Information

- UPB Customer Service
  - Benefits
    - [benefits@uillinois.edu](mailto:benefits@uillinois.edu)
    - 217-333-3111
  - Payroll
    - [paying@uillinois.edu](mailto:paying@uillinois.edu)
    - 217-265-6363
- Foreign National Service Center
  - [fninquiry@uillinois.edu](mailto:fninquiry@uillinois.edu)

# Questions / Concerns?