

## 510 EMPLOYEE LIFE, HEALTH, AND WELFARE BENEFITS

*Policy 510 was included in the 2001 University Handbook revision and was amended by the ISU Board of Trustees as follows: Section 510.5.3, 510.5.4, 510.5.7, 510.5.8 on December 3, 2004; 510.5.2 on December 17, 2010; 510.2.1, 510.2.1.1, 510.2.2 on August 30, 2011.*

### 510.1 General.

510.1.1 Master Policies Govern. Brief descriptions of the various University benefits plans follow. Every effort has been made to make these descriptions as accurate as possible. However, should any conflict arise between the descriptions presented in this University Handbook and the text of the master policies, the text of the master policies shall govern in all cases. This University Handbook is for informational purposes and is not intended to serve as legal interpretation of benefits. Reasonable effort is made to have this University Handbook represent the intent of the master policy language. However, master policy language stands alone and is not considered as supplemented or amended in any way by the explanations or examples included in this University Handbook.

510.1.2 **ISU Board of Trustees Reserve the Right to Modify.** The ISU Board of Trustees reserves the right to amend, modify, or eliminate any programs at any time without notice. University benefits programs are administered in accordance with the laws of the State of Indiana.

### 510.2 Benefits Eligible Employees.

510.2.1 **Regular Faculty and Staff.** All Regular Faculty and Staff are eligible for Full Benefits.

510.2.1.1 **Retirement Criteria.** Effective March 1, 2010, Regular Faculty and Staff are eligible for post retirement health and life coverages if they have at least 20 years of service at ISU, have been covered by ISU plans for at least 20 years (including spouse, if covered), and retire after age 62. Employees hired or insured on or after January 1, 2005, are not eligible for post-retirement benefits. The University and retiree share in the cost of the coverage, and schedules of coverage are subject to change.

510.2.2 **Temporary Faculty.** Temporary Faculty are eligible for life insurance and health coverage. Part-time Temporary Faculty who are assigned to teach nine (9) or more semester hours each semester on an academic year appointment basis qualify to participate in the group life/accidental death and dismemberment insurance and group health plan programs. Part-time Temporary Faculty who are less than half-time (9 semester hours), and other temporary employees, including students, are not eligible for the Faculty and Staff health and welfare benefits programs.

510.2.3 **Health and Welfare Benefits Coverage: Separation of Employment.**

**510.2.3.1 Staff.** Staff who separate employment at the University will have coverage for health benefits, life insurance, disability insurance, voluntary supplemental life insurance and voluntary vision insurance to the last day of the month in which separation occurs.

**510.2.3.2 Faculty.** Faculty who separate from employment at the end of the academic year may elect to extend coverage for health benefits, life insurance, voluntary supplemental life insurance, and voluntary vision insurance to that last day of August of the year in which separation occurs. Section 510.2.3.1 will apply to Faculty who separate from employment during the academic year.

**510.2.3.2.1 Faculty – Disability.** Disability insurance coverage for faculty will terminate on the last day of the month in which separation occurs.

**510.2.4 Disability Coverage.** Totally disabled Staff who qualify for benefits under the University disability insurance program may continue the University health plan coverage and reduced life insurance coverages in effect at the time the disability commences, regardless of age, as long as the disabled Staff member has the minimum years of service required by the University Retirement Policy (Section 510.2.1.1). University contributions will continue toward the coverage cost if required individual contributions are paid when due.

### **510.3 Group Life Insurance/Accidental Death and Dismemberment Plan.**

**510.3.1 General.** Effective January 1, 1975, the life insurance program became mandatory for all new benefits-eligible employees. On August 1, 1985, employees could elect coverage under a Revised Schedule of benefits or could continue under the schedule of benefits in effect at that time. Benefits-eligible employees hired on and after August 1, 1985, are required to participate in the Revised Schedule of life insurance benefits.

**510.3.2 Revised Schedule.** The Revised Schedule of life insurance benefits offers coverage of two and one-half (2.5) times salary, rounded up to the next whole thousand, based on a schedule of benefits with a \$100,000 maximum coverage. Following retirement under the University Retirement Policy (Section 510.2.1.1), coverage is reduced to \$5,000.

**510.3.2.1 Schedule Pre-August 1, 1985.** Employees who elected to remain on the schedule in effect before August 1, 1985 have coverage of two (2) times salary, based on a schedule of benefits with a maximum coverage of \$75,000. Following retirement under the University Retirement Policy (Section 510.2.1.1), coverage is reduced by one-half (1/2), not to exceed \$20,000.

**510.3.3 Reduced Coverage During Leaves of Absence.** During an approved leave of

absence without pay, life insurance will be reduced to no more than \$50,000, and the employee has the option to purchase any coverage reduced within 31 days of the date the coverage was reduced. Any reduced coverage purchased by the employee will be billed by the insurance carrier.

**510.3.3.1 Return to Work.** Upon return to work on a regular schedule, the life insurance will be increased to the amount of coverage based upon the plan in force at the time the leave was begun.

**510.3.3.2 Maximum Time During Leaves of Absence.** Life insurance may be carried for a maximum of 24 months during an approved leave without pay.

**510.3.4 Imputed Income.** There shall be imputed income calculated and taxes withheld on University-paid premiums on life insurance coverage in excess of \$50,000.

**510.3.5 Benefits for Accidental Death & Dismemberment; Termination upon Retirement.** Group Life Insurance coverage includes accidental death and dismemberment coverage, which doubles the life insurance coverage amount in cases of accidental death. Benefits may also be provided in cases of accidental dismemberment. Accidental death and dismemberment coverage terminates upon retirement. The plan does not pay Repatriation Charges. Detailed schedules of life insurance benefits are available in the Office of Staff Benefits.

**510.3.6 Conversion upon Separation from Employment.** A separated or retired employee may convert reduced or terminated group life insurance coverage.

**510.3.6.1 Minimum 5 Years Employment.** The insured, separated person must have been employed by ISU for a minimum of five (5) years, and apply for and pay for the conversion policy within 31 days after the life insurance under the contract reduces or terminates.

**510.3.6.2 Rates.** Rates for converted life insurance coverage are determined by the life insurance carrier and are based upon age and class of risk at the time of conversion.

**510.3.6.3 No Proof of Insurability.** There is no evidence of insurability required for conversion coverage.

**510.3.6.4 Contact Staff Benefits.** Additional information is available in the Office of Staff Benefits.

#### **510.4 Voluntary Supplemental Life Insurance.**

**510.4.1 General.** The University offers a voluntary supplemental life insurance policy to benefits-eligible employees. Coverage may also be extended to a spouse, same-sex domestic partners, and dependent children.

- 510.4.2 Enrollment.** During the first 31 days of employment, an employee (and eligible dependents) may enroll in the plan and have the guarantee issue amount of coverage.
- 510.4.3 Rates.** Rates are age-based and may change as the employee and dependents grow older.
- 510.4.4 Proof of Insurability May Apply.** Applications for coverage in excess of the guarantee issue amounts, as well as late enrollment applications, require evidence of medical insurability.
- 510.4.5 Payment of Premium.** The employee pays the full premium for this supplemental life insurance.
- 510.4.6 Portability.** This plan has a portability clause which based upon the insured guidelines, may allow an employee to maintain coverage directly with the carrier after separation of service or retirement.
- 510.4.7 Contact Staff Benefits.** Detailed schedules of voluntary life insurance benefits including premium rates are available in the Office of Staff Benefits.

## **510.5 Health Benefits Plan.**

- 510.5.1 University-Provided Benefit.** The University's group health plan is self-insured and administered by a third-party administrator. Employee contribution rates are set annually depending on medical cost trend factors and claims experience within the University group and budgetary considerations.
- 510.5.2 Dependent Child Coverage.** Unmarried, dependent children are eligible for coverage through the last day of the calendar year in which they reach age 19 or, if enrolled as a full-time student, age 26. Disabled, dependent children are covered under special provisions if the disability was established by age 18. Further detailed information is available in the Office of Staff Benefits.
- 510.5.3 Dependents of Deceased Employees.** Health plan coverage may be continued for dependents of deceased employees if the deceased employee had worked the number of years of service required by the University Retirement Policy (Section 510.2.1.1) at the time of the employee's death. If a dependent spouse or partner of a deceased University employee or retiree remarries, then such dependent spouse or partner is not eligible for continuation of the health benefits coverage beyond the date of remarriage.
- 510.5.4 Domestic Partner Coverage.** Effective January 1, 2005, same sex domestic partners are eligible for enrollment as dependents in the ISU health plan. Dependent children of the same sex domestic partner are also eligible for coverage as dependents.
- 510.5.5 Enrollment Period.** The group health benefits plan is an optional program. Eligible staff members desiring this coverage must enroll in the program within 31 days of

employment. Coverage is effective on the first day of the month following the enrollment date.

**510.5.5.1 Employees with Previous Coverage.** Employees who were covered by a previous policy within 63 days of enrollment in the ISU plan must provide a Health Insurance Portability and Accountability Certificate of Credible Service.

**510.5.5.2 Pre-existing Condition Limitation.** A pre-existing condition limitation applies for employees who were not previously covered and cannot supply the Health Insurance Portability and Accountability Certificate of Credible Service. Benefits are limited to \$2,500 for the first 12 months of coverage for any pre-existing condition. Under the coverage, a condition is considered pre-existing if the person was treated, received medical advice, or was prescribed medications during the six (6) months prior to the effective date of coverage in the ISU plan. Pregnancy is not considered a pre-existing condition.

**510.5.6 Additions and Changes in Covered Individuals.** New births or adoptions must be reported within 31 days of the event to add such dependents to the employee's coverage as of the date of such birth or adoption. Status changes of employees and dependents must be reported within 31 days of such change in order for coverage to be effective upon the date of such change. Verification of such changes is required.

**510.5.7 Open Enrollment.** An open enrollment period for the health benefits plan is in November of each year for coverage effective the following January. Any eligible employees or dependents enrolling in or adding to the health plan on or after January 1, 2005, are not eligible for post retirement health benefits until the following year.

**510.5.8 Special Enrollment.** Special enrollment is available only if applied for within 31 days following a qualifying event, as follows:

- A. Loss of group health coverage with another group health plan (voluntary or involuntary).
- B. Loss of health coverage due to divorce from the spouse who has other group health coverage.
- C. Loss of group health coverage due to death of the spouse/relative who has other group health coverage.
- D. Termination of group health plan coverage by the employer of spouse/relative.

A dependent may be added through special enrollment if application is received within 31 days of the following qualifying events:

- A. Marriage to a benefits-eligible employee who is enrolled in the health coverage.

- B. Birth of a child of a benefits-eligible employee who is enrolled in the health coverage.
- C. Legal adoption or placement of a child for adoption with a benefits-eligible employee who is enrolled in the health coverage.

In addition to the above, employees and/or their dependents may have special enrollment rights if applied for within 60 days following one of the following:

- A. Coverage is lost under Medicaid or a State health insurance program (“SCHIP”).
- B. When the employee and/or their dependents gain eligibility for state premium assistance.

**510.5.9 Contact Staff Benefits.** Detailed information regarding the health benefits plan is contained in health benefits plan booklets available in the Office of Staff Benefits.

**510.6 Section 125 Salary Conversion Program.**

**510.6.1 General.** Under Section 125 of the Internal Revenue Code, the University is permitted to establish a program to pay health plan contributions with pre-tax dollars. By using pre-tax dollars to make contributions, a participant may increase take home pay resulting from lower income and Social Security (FICA) taxes. Participation in such a program may reduce tax liability. It may also reduce monthly Social Security benefits at retirement if current annual earnings are below the applicable Social Security wage contribution base.

**510.6.2 Enrollment Period.** An election to participate in the program must be received in the Office of Staff Benefits by December 10 in order to participate during the following calendar year. The election to participate must remain in force throughout the entire calendar year unless there is a change in family status.

**510.5.2.1 Non-Participation.** Also, should one desire not to participate in the Section 125 program, an election not to participate must be received in the Office of Staff Benefits by December 10 for the following calendar year.

**510.5.2.2 Certain Mid-Year Changes Acceptable.** Federal law allows changes in family dependent status (marriage, divorce, new child) as a reason to make a change in election during the year.

**510.5.2.3 Elections Remain in Force until Changed.** Once an election is made, it will remain in force for future years until a new election form is received by the Office of Staff Benefits.

**510.7 Health Coverage for Employees/Spouses/Partners Working Beyond Age 65.**

**510.7.1 Medicare Integration for Employed Individuals over 65.** While employed, staff members and spouses or partners over age 65 are given a choice of retaining the University coverage or dropping the University coverage and having Medicare (Part A and B) as primary payor, according to the Tax Equity and Fiscal Responsibility Act of 1986 (TEFRA).

**510.7.1.1 Impact of Election to Retain University Benefits.** Should the employee/spouse/partner working beyond age 65 elect to retain the University's health benefits plan, the plan will pay as a primary payor. If enrolled, Medicare will pay as secondary. A summary of the benefits provided under the provisions of the coverage is available in the Office of Staff Benefits.

**510.7.1.2 Impact of Election for Medicare to be Primary Payor.** Should the employee/spouse/partner working beyond age 65 elect to have Medicare as the primary payor, the ISU health plan must be dropped for the person making the election. If the employee elects to have Medicare as the primary payor, health benefits on the entire membership must also be dropped.

**510.7.2 Medicare Integration for Retired Individuals over 65.** Following retirement and upon attainment of age 65 or eligibility for Medicare, the retiree and spouse or partner are required to enroll in Medicare (Parts A and B) (hospital and medical insurance) when eligible in order to participate in the University's retiree health benefits plan. The University makes an annual election on whether ISU retirees will be required to enroll in Medicare Part D prescription drug coverage. Should a retiree or dependent enroll in Part D, ISU's prescription drug coverage may not be utilized.

## **510.8 COBRA Continuation of Health Coverage.**

**510.8.1 General.** Federal law (Public Law 99-272, Title X) requires that most employers sponsoring group health plans offer an opportunity to continue health coverage at group rates in certain instances where coverage under the plan would otherwise end. This law is titled "Consolidated Omnibus Budget Reconciliation Act" (COBRA). In most cases, the individual is required to pay 102 per cent of the total group rate in order to continue health coverage. The extension of health coverage is for 18 to 36 months depending upon the circumstances of coverage termination. Full details and necessary forms are available in the Office of Staff Benefits.

**510.8.2 Impact of Social Security Disability.** If an employee (or dependent) receives Social Security Disability while on the University's health plan, prior to termination of ISU employment, then notice should be provided to the Office of Staff Benefits. It may be possible to extend COBRA coverage from 18 to 29 months. The individual is required to pay 102 per cent of the total group rate through the first 18 months and 150 per cent from the 19<sup>th</sup> month through the 29<sup>th</sup> month.

**510.9 Flexible Spending Accounts.** Effective February 1, 2006, voluntary flexible spending accounts for eligible medical and dependent care expenses were established. These accounts allow employees

to set aside pre-tax money each tax year to be used to pay for eligible medical and dependent care expenses. The maximum amount that can be deferred for medical expenses is \$5,000 per year and \$5,000 per year for dependent care expenses. Deductions for these accounts are for calendar year purposes and may not be changed except in certain circumstances.

**510.10 Voluntary Vision Insurance.** The University offers voluntary vision insurance coverage for all benefits-eligible faculty and staff. Employees are eligible to enroll during the first 31 days of employment or during the open enrollment period each year. The plan utilizes a network of providers and requires that employees enroll for a one-year required coverage period. During this required coverage period, covered members can obtain one eye exam per 12 months, one set of lenses per 12 months, and one set of frames per 24 months. The plan also provides a reimbursement schedule for services obtained through a non-network provider.

### **510.11 Disability Benefits.**

**510.11.1 General.** Disability benefits are provided under the provisions of the Social Security Act for those persons fully insured after it has been determined that a permanent disability exists. In some cases, there is a five-month waiting period which begins on the first day of the month following the date of onset of the sickness or injury. In order to determine benefits payable, employees should consult the local Social Security Office.

**510.11.2 PERF Disability Benefits.** The Indiana Public Employees' Retirement Fund (PERF) provides disability benefits for those employees who are currently active members of the Fund with a minimum of five (5) years of service credit and who become disabled while working in a PERF eligible position at ISU. Estimates of benefits payable are secured at the time of the disability.

**510.11.3 Contact Staff Benefits.** Questions regarding benefits and procedures under the Indiana Public Employees' Retirement Fund should be directed to the Office of Staff Benefits.

### **510.12 Long-Term Disability Insurance Program.**

**510.12.1 Qualification for Coverage.** The University provides disability insurance coverage for full-time Regular Faculty and Staff upon completion of three (3) years of continuous service. The full cost of this program is paid by the University.

**510.12.1.1 Required Participation in Program.** Since July 1, 1982, all eligible employees are required to participate in the disability insurance program as a condition of employment after the third year of service.

**510.12.1.2 Three-Year Continuous Service Exception.** New employees may be eligible for coverage upon employment provided they were covered by the former employer under a similar group insurance program and benefits were payable for a minimum of five (5) years; such coverage must have been in effect within 90 days of employment at Indiana State University. It is the responsibility of the new employee to provide documentation of prior

employer coverage to the Office of Staff Benefits.

**510.12.1.3 One-Year or Temporary Ineligible.** One-year or Temporary employees are not eligible for the disability insurance program.

**510.12.2 Benefits under Plan.** The disability benefits program guarantees employees a 66 2/3 per cent income protection and annuity contribution continuation after 180 days of continuous total disability. The income protection amount is from all University participating sources. Should an employee become disabled and be granted disability, benefits received from the plan may be taxable.

**510.12.2.1 Structure of Benefits.** If total disability occurs at, or prior to, age 60, disability benefits will continue to age 65. If total disability commences after age 60, disability benefits will be payable as follows:

<u>Age When Total Disability Begins</u>	<u>Maximum Duration of Benefits</u>
60 but less than 65	4 1/2 years
65 but less than 68 1/2	to age 70
68 1/2 and over	1 year

A brochure detailing coverage information is available in the Office of Staff Benefits.

**510.13 Workers Compensation.** Employees of the University are covered under workers compensation for injuries incurred while engaged in regular assigned duties, and claims are processed in accordance with the State of Indiana workers compensation statutes. The benefits received for such injuries are dependent upon the nature of the injury.

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