



Insurance Additive for Out-of-State Employees

Effective January 1, 2005, the State Insurance Board added a national network, HealthChoice USA, which is available to employees who live and work outside of Oklahoma and Arkansas for 90 days or longer. Since this is a new offering, the State Insurance Board agreed to waive the preexisting condition exclusion during initial enrollment for employees who declined HealthChoice coverage in the past and are covered by a personal policy instead of a group policy. They will also waive the preexisting condition exclusion for family members if the employee currently has group coverage, but family members were uninsured.

Background

OSU changed to the State Insurance Board effective July 1, 1999. Recognizing that out-of-state employees would have more out-of-pocket expenses than in-state employees, OSU pursued various options to improve coverage for the out-of-state employees. Effective July 2000, OSU allowed employees under the Eglin and NASA contracts to seek other coverage and receive a salary additive in lieu of the health insurance benefit. The additive was for the amount of premium that OSU paid for other employees, less the cost of OSU's portion of FICA tax on the additive income.

Salary Additive

Effective January 1, 2005, employees who elect HealthChoice USA may receive a monthly Salary Additive for the difference (\$161.01 for CY05) between the cost of HealthChoice High (\$313.86) and HealthChoice USA (\$474.87). Employees who decline health care coverage, and meet the premium conversion criteria indicated below, may receive one-half of the Salary Additive (\$80.50 for CY05). Employees who elect one of the other State Insurance Board Options (HealthChoice High or Basic) will receive the premium payment for that plan and Premium Conversion, if applicable. They will not receive a Salary Additive—OSU will pay the premium for the plan selected. If an employee declines health care coverage and does not meet the Premium Conversion criteria, no Salary Additive will be paid. If an employee declines coverage for religious reasons, one-half of the Salary Additive (\$80.50) will be paid.

At present, the three units that may wish to use the Salary Additive are Eglin, NASA, and admission recruiters located outside Oklahoma. The Salary Additive will be charged to the same departmental account as the employee's salary and will not be part of the average fringe benefit. If the department prefers to change the salary additive to a separate departmental account, a separate labor distribution can be input under earnings code 018 on the HRS UL1 Screen. Each unit will determine the effective date of the Salary Additive program, which may depend on availability of funding.

Premium Conversion

Since January 1, 2004, OSU employees who decline health care coverage may apply for a Premium Conversion by completing the *OSU Request for Premium Conversion Form*, on the web at www.okstate.edu/osu_per/benefits/benforms.html. This form must be completed during the option enrollment period or within 30 days of obtaining other insurance. If the employee meets the stated criteria, OSU will channel one-half of the cost of the HealthChoice High premium into the employee's net pay. Beginning January 1, 2005, employees who are eligible for HealthChoice USA are also eligible for a Premium Conversion the same as any other OSU employee. If an employee declines health care coverage and does not have other qualified insurance, OSU will not pay the Premium Conversion.

Payroll Procedures

The Salary Additive will be included as a separate assignment line on the EA. It is subject to regular payroll taxes and withholding. If the employee elects HealthChoice USA coverage, the Salary Additive would normally be tax-sheltered under the Section 125 Flexible Benefits Plan and the employee would not incur any additional tax due to the Salary Additive.

The salary additive should be initiated by completing an EA form. Under the *Proposed* section, an additional assignment should be listed showing the additive amount. The additive assignment is in addition to the employee's regular assignment. The following data elements should be the same as the regular assignment: *Job Code, Position Number, HRS Div, Assign Dept.* The *Hours* and *FTE* should be listed as *1.00*, and *INS* should be typed in *Class Code* field. The begin date of the additive should be the first of the month for which an employee become eligible for OSU health insurance. Earnings Code will be 018.

Possible Scenarios for 2005

Employee Action	Salary Additive	Premium Conversion	Employee Pays Premium	Payroll Impact
Enroll in HealthChoice USA	\$161.01	-0-	\$161.01	-0-
Enroll in HealthChoice High	-0-	-0-	-0-	-0-
Enroll in HealthChoice Basic	-0-	\$42.74	-0-	\$42.74

Decline enrollment and purchase other qualified group coverage	\$80.50	\$156.93	None through OSU	\$237.43
Decline enrollment and remain uninsured for religious reasons	\$80.50	\$156.93	-0-	\$237.43
Decline enrollment and remain uninsured (not for religious reasons) or purchase personal policy instead of qualified group coverage	-0-	-0-	-0-	-0-