

## **Number 13.10 - MEDICAL, LIFE AND DENTAL BENEFITS UPON SEPARATION FROM ACTIVE EMPLOYMENT**

Effective Date: March 1, 1999

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Applicable To: All classified employees, as well as exempt and appointed, with the Executive Branch of the State of Vermont.

Issued By: Department of Personnel

Approved By: Kathleen C. Hoyt, Secretary of Administration

### **PURPOSE AND POLICY STATEMENT**

The purpose of this policy is to define the medical, dental and life insurance benefits available to employees upon separation from State service. This policy does not address employee issues which are covered under the rules of the Family and Medical Leave Act (FMLA). For more information about those policies and procedures, contact the Employee Relations Division of the Department of Personnel.

#### **Section 13.100 - Retirement**

**MEDICAL** - If employees retire and are covered by any of the medical plans offered to State employees, they may continue coverage at the same level by continuing to pay their 20% share of the premium. If retirees receive a pension, the premium will be withheld from that pension. Employees may not change from one health plan to another health plan at retirement

**DENTAL** - Retirees are not eligible for dental coverage in retirement except under certain circumstances. If a retiree meets specific criteria, a Consolidated Omnibus Budget Reconciliation Act (COBRA) application will be sent to them by the agency or department Personnel Officer. Retirees may continue dental coverage under COBRA for up to eighteen (18) months, or until the retirees no longer meet the COBRA eligibility requirements, whichever is earlier. In any event, COBRA dental coverage ends when the retiree becomes eligible for Medicare.

**LIFE** - Employees who have attained twenty (20) years of creditable service and are covered by life insurance at retirement are provided \$5,000 of life insurance coverage at no cost to them. The amount of active employee group life insurance may also be converted to an individual policy. Contact the Employee Benefits and Wellness Division of the Department of Personnel or your personnel officer for conversion information.

### Section 13.101 - Resignation

MEDICAL/DENTAL - If employees resign from State service, medical and dental coverage will end at midnight on the last day of the pay period following the date of termination in most circumstances. Either or both coverages may be continued by enrolling in COBRA, which allows employees to continue in their group plan for a period of up to eighteen (18) months by paying 102% of the premium. COBRA applications are sent to employees by their personnel officer following the resignation. Enrollment in COBRA must be done within sixty (60) days of termination of coverage.

LIFE - The Group Life Insurance may be converted to an individual policy within thirty-one (31) days following termination of coverage. The Group Life Insurance terminates at the end of the pay period in which the employee termination occurs.

### Section 13.102 - Dismissal

MEDICAL/DENTAL - If employees are dismissed from State service, medical and dental coverage will end at midnight on the last day of the pay period following the date of termination in certain circumstances. Either or both coverages may be continued by enrolling in COBRA, which allows employees to continue in their group plan for a period of up to eighteen (18) months by paying 102% of the premium. COBRA applications are sent to employees by their personnel officer following dismissal. Enrollment in COBRA must be done within sixty (60) days of termination of coverage. The COBRA law provides that COBRA coverage is not available to persons who are dismissed for gross misconduct. When consulting with the Employee Relations Division on dismissal, the issue of withholding COBRA rights should be discussed.

LIFE - The Group Life Insurance may be converted to an individual policy within thirty-one (31) days following termination of coverage. The Group Life Insurance terminates at the end of the pay period in which the employee termination occurs.

### Section 13.103 - Reduction in Force/Disability Reduction in Force

MEDICAL - If employees are laid off due to reduction in force, or disability reduction in force, medical coverage will terminate at midnight on the last day of the pay period following the pay period in which the employee is laid off. Employees are offered an option to continue in the medical plan for a period of up to two (2) years providing they retain reemployment rights under the Reemployment Rights Article of the current Agreements between the State of Vermont and the Vermont State Employees' Association, Inc. (VSEA) and continue to make the required payments. If employees elect this option, an **advance** payment of their 20% share of the premium is due for the first six (6) pay periods following the date of termination. After that, employees must pay the full 100% premium in advance. Once coverage lapses, it cannot be reinstated until employees are reemployed in accordance with contract provisions.

Upon reemployment under RIF rehire provisions, medical coverage is activated immediately if an employee re-enrolls in the Medical Plan.

NOTE: The six (6) pay period continuation of coverage at 20% premium share is available to any employee who is subsequently returned to layoff status after having accepted a reemployment offer.

DENTAL - Dental coverage is automatically continued at no cost to the employee for four (4) pay periods following the end of the pay period in which the employee is laid off. After that time, employees are eligible to continue the dental coverage under COBRA for a period of up to eighteen (18) months. The dental COBRA application is sent to employees by the Personnel Officer and application for COBRA must be filed within sixty (60) days of termination of coverage. Upon return to employment, under the RIF rehire provisions, dental coverage will be activated immediately.

LIFE - Life insurance coverage will terminate at midnight on the last day of the pay period following layoff. The conversion option is available. Upon return to employment, under the RIF rehire provisions, life insurance coverage is activated immediately if employees re-enrolls in the Life Insurance Plan.

### **Section 13.104 - Disability Retirement**

MEDICAL - If employees are not on payroll or terminate employment following application for and prior to the approval of disability retirement, they must maintain medical coverage through COBRA. If the disability retirement is approved, medical coverage will be retroactive to the date approved for the disability retirement, except in circumstances where employees are on Workers' Compensation. If employees are on Workers' Compensation, disability retirement cannot begin until those payments cease. Medical coverage with COBRA must continue until the disability pension commences. If there are any questions regarding the Workers' Compensation issue, the Retirement Division should be contacted directly.

Any payments made for the medical COBRA continuation, from the effective date of disability retirement approval, will be refunded to employees upon request to the Employee Benefits Division of the Department of Personnel. Employees will have medical premiums deducted from their pension checks, at the 20% employee share, retroactive to the effective date of disability retirement.

DENTAL - Retirees may be eligible to continue dental coverage, under certain circumstances, following two (2) months unpaid leave of absence or termination. If they meet the criteria, a COBRA application will be sent to them by the agency/department personnel officer. Eligible retirees may continue dental coverage under COBRA for up to eighteen (18) months, or until they no longer meet the COBRA eligibility requirements, whichever is earlier, by paying 102% of the premium. In any event, COBRA dental coverage ends when a retiree becomes eligible for Medicare.

LIFE - To continue life insurance coverage (not Accidental Death & Dismemberment), disabled employees who terminate must apply to the Retirement Division. If approved, the insurance premium will be paid 100% by the Retirement Division. More information can be obtained by contacting the agency or department personnel officer, Retirement Division, or Department of Personnel, Employee Benefits Division.

### **Section 13.105 - Leave of Absence**

MEDICAL- Employees who are on an unpaid medical leave of absence may continue in the plan by paying their 20% premium directly to the Department of Personnel, Payroll Division in advance on a bi-weekly basis. Prior to the start of a leave of absence, the personnel officer shall provide a Leave of Absence form to the employee. This form must be completed and submitted to the Payroll Division with the first payment. If the form is not received, medical coverage will terminate at the close of the pay period following the start of the leave of absence. If medical coverage is terminated, employees may not re-enroll in the plan until the next open enrollment period (usually in the month of November) to become effective January 1st.

Employees who are on an unpaid administrative leave of absence may continue in the plan by submitting the appropriate form and paying 100% of the premium in advance directly to the Payroll Division on a bi-weekly basis. If the form is not received, medical coverage will be terminated at the close of the pay period following the start of the leave of absence. If medical coverage is terminated, employees may not re-enroll in the plan until the next open enrollment period (usually during the month of November).

Employees who are on an unpaid military leave of absence may continue in the plan by submitting the appropriate form and paying 100% of the premium in advance directly to the Payroll Division on a bi-weekly basis. The State medical benefit plan does not cover medical expenses incurred while serving in the military, thus, many employees on military leave choose to allow their insurance to lapse. However, upon return to employment, medical coverage will be reactivated immediately if the employee re-enrolls in the Plan.

DENTAL - Dental coverage automatically continues for a period of four (4) pay periods following the start of any unpaid leave of absence. After that time, employees may continue the dental coverage until the end of the leave up to 18 months by enrolling in Dental COBRA and paying 102% of the premium. Upon return to employment, dental coverage will be reactivated immediately.

LIFE - Life insurance coverage will be continued during any unpaid leave of absence for illness, and the State will pay the entire premium for a period not to exceed twelve (12) months. Upon return to employment, the employee premium share for the period of the leave will be charged to the employee and life insurance coverage will be activated immediately.

If employees are on an unpaid leave of absence for any other reason except illness, life insurance coverage will be canceled the last day of the month following the month during which the leave began. Upon return to employment, life insurance coverage will be activated immediately.

In either of the above instances, the life insurance may be converted to individual plans following termination of the insurance coverage.

### **Section 13.106 - Disciplinary Suspensions**

MEDICAL - Employees who are suspended without pay may continue in the plan by paying their 20% premium directly to the Payroll Division in advance on a bi-weekly basis. Prior to the suspension, the Personnel Officer should provide a *Leave of Absence* form to the employee. This form must be completed and submitted to the Payroll Division with the first payment. If the form is not received, medical coverage will terminate at the close of the pay period following the start of the suspension. If medical coverage is terminated, employees may not re-enroll in the plan until the next open enrollment period (usually during the month of November).

DENTAL - Dental coverage automatically continues during a suspension without pay.

LIFE - Life insurance coverage will be continued during a suspension without pay.

Signed by Kathleen C. Hoyt, October 25, 1999

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Approved, Secretary of Administration