**Description:**
Provides benefits to full-time classified employees, eligible full- and part-time restricted and part-time classified employees, and full-time faculty members who have been involuntarily separated from state service by Layoff according to Policies 1.30. Layoff and 1.57. Severance Benefits.

**Health Benefits Impact**

Health care coverage may continue for 12 months following the effective date of leave without pay-layoff. The agency continues to pay its portion of the premium for the 12-month period. The participant is responsible for his or her share of the premium which will be payroll deducted from severance payments. When severance payments end, the participant is responsible for timely premium payment. Failure to make premium payments timely will result in termination of coverage the end of the last full month in which the employee portion of the premium was paid. If the participant declines recall and severance benefits are terminated, health benefits end the last day of the month in which recall was declined.

**Allowable Changes:**

Participants are eligible to participate in Open Enrollment for health insurance and make consistent qualifying mid-year event changes during the 12-month period that health benefits continue by submitting a completed Enrollment Form to the agency during Open Enrollment or within 60 days of the event. Participants may waive health insurance and cancel Flexible Spending Account (FSA) enrollment at the beginning of layoff. Additionally, the end of severance payments is an event which will allow the participant to make consistent health insurance plan and membership changes, as well as cancel FSA enrollment. Participants may terminate coverage at any time; however, once coverage is terminated, the participant may not be reinstated in coverage for any portion of the 12-month period.

**Extended Coverage:**

At the end of the 12-month period of health care coverage with the agency contribution continuation, the agency must offer an 18-month period of Extended Coverage to all covered persons. Participants cancelled for non-payment or declining recall to another position are to be offered Extended Coverage for an 18-month period at the end of the last full month in which the employee portion of the premium was paid.

**Health Insurance Portability and Accountability Act (HIPAA):**

Participants who cease to be covered by health care for any reason including the end of the 12-month period of health care with the agency contribution continuation, declining recall or cancellation for non-payment, must be issued a Certificate of Group Health Plan Coverage.
Flexible Spending Accounts

**Healthcare Flexible Spending Account (HFSA):**
Contributions for the HFSA will be payroll deducted from severance payments if the account remains active. A consistent election change due to a qualifying mid-year event may be made during the severance period. When severance payments end, the HFSA terminates at the end of the last full month in which contributions were made. HFSA participants may be eligible for Extended Coverage through the end of the plan year in which the layoff occurs if the HFSA is under-spent. Employees on leave without pay-layoff are not eligible for FSA enrollment elections for a new plan year.

**Dependent Care Flexible Spending Account (DCFSA):**
During the severance period, dependent care expenses may be reimbursed only if a participant is employed or seeking employment. Contributions for the DCFSA will be payroll deducted from severance payments if the account remains active. A consistent election change due to a qualifying mid-year event may be made during the severance period. When severance payments end, the reimbursement account terminates at the end of the last full month in which contributions are made.

There is no Extended Coverage for DCFSA participants. Employees on leave without pay-layoff are not eligible for FSA enrollment elections for a new plan year.