

Severance and Placement

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 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 31 days of the event. Additionally, the end of severance payments is an event which will allow the participant to make consistent plan and membership changes. 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.

The American Recovery and Reinvestment Act of 2009 (ARRA) reduces the COBRA/Extended Coverage premium in some cases. The premium reduction is available to certain individuals who experience a qualifying event that is an involuntary termination of employment during the period beginning with September 1, 2008, and ending with December 31, 2009. If you qualify for the premium reduction, you need only pay 35 percent of the COBRA/Extended Coverage premium otherwise due to the plan. This premium reduction is available for up to nine months. If your continuation

coverage lasts for more than nine months, you will have to pay the full amount to continue your COBRA/Extended Coverage after premium reduction ends. If you experience a qualifying event resulting in a loss of coverage during the period covered by ARRA, your Election Notice will include additional information about ARRA premium reduction.

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 Reimbursement Accounts:

Medical Reimbursement Account -

Contributions for the Medical Reimbursement Account will be payroll deducted from severance payments. 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 were made. Medical Reimbursement Account participants may be eligible for Extended Coverage through the end of the plan year.

Dependent Care Reimbursement Account -

Contributions for the Dependent Care Reimbursement Account will be payroll deducted from severance payments. 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 Dependent Care Reimbursement Account participants.

During the severance period, dependent care expenses may be reimbursed only if a participant is employed or seeking employment.

Voluntary Long Term Care Insurance:

Premiums may be deducted from severance payments. At the end of severance payments, participants in the Voluntary Long Term Care Plan may arrange for continuation of their coverage by contacting Aetna at 1-877-894-2471.

Questions regarding the VSDP Long Term Care Program should be directed to the Virginia Retirement System at 1-888-827-3847.