

Workforce Transition Act

The following information summarizes administration of State Health Benefits Program coverage for employees who are eligible for the provisions of the Workforce Transition Act (§2.2-3200 of the Code of Virginia).

Leave Without Pay Layoff

Provides benefits to full-time classified employees, eligible full-time 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 health plan 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 of their contribution to their employing agency. Failure to make timely premium payments will result in termination of coverage effective at the end of the last full month for 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 qualified beneficiaries. 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 for which the employee portion of the premium was paid.

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 for which a contributions was made. HFSA participants may be eligible for Extended Coverage through the end of the plan year in

Workforce Transition Act

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 for which contributions were 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.

Severance and Retirement

Eligible employees may elect service retirement at any time during the 12-month leave without pay-layoff (transitional) period, regardless of the duration of severance payments. Coverage in the active employee group (with agency contribution) may continue for the full 12-month transitional period, even if retirement has been elected.

Health Benefits Impact:

Employees who are eligible for and take the WTA severance benefit and who are also eligible for and elect a non-deferred service retirement at any time during or immediately after (with no break) the 12-month transitional period may enroll in the State Retiree Health Benefits Program if they do so within 31 days of the end of the transitional period. If elected within the allowable enrollment window, retiree coverage will begin the first of the month after the end of the 12-month transitional period. If retirement occurs prior to the end of the 12-month transitional period, employees may remain in active coverage with the employer premium contribution for the remainder of the 12-month period.

Allowable Changes to Membership Level or Plan:

No plan or membership change will be allowed during the severance payment period unless there is a qualifying event that is consistent with the change. A plan or membership change will be allowed at the expiration of severance payments from which the employee contribution had been deducted. Upon enrollment in retiree coverage (at the end of the transitional period), a change in plan and/or decrease in membership will also be allowed. In addition, upon enrollment in retiree coverage, retirees and their covered dependents who are eligible for Medicare must enroll in a plan that coordinates with Medicare and, with limited exceptions, Medicare will be the primary payer of claims. The state program only coordinates with the Original Medicare Plan, so enrollment in Medicare Parts A and B is critical to avoid gaps in coverage for those moving to Medicare-primary retiree coverage in the state program.

Extended Coverage/COBRA:

Like all terminating employees, retiring employees who have health plan coverage at the end of their leave without pay-layoff/transitional period must be offered Extended Coverage/COBRA. This is in addition to any offer of retiree coverage. Most eligible retirees will choose retiree coverage instead of Extended Coverage/COBRA since Extended Coverage/COBRA requires payment of an additional administrative fee and is

Workforce Transition Act

for a finite period of time (generally, 18 additional months). If retiree coverage is not elected, other qualified beneficiaries (those covered on the day before active coverage is lost) may elect Extended Coverage/COBRA.

If retiree coverage is elected in lieu of Extended Coverage/COBRA and then terminated (e.g., for non-payment) before the end of the maximum Extended Coverage/COBRA period, any remaining Extended Coverage/COBRA rights may be utilized if elected within the 60-day period beginning at the end of retiree coverage.

BES Keying Information (for Benefits Administrator use):

1. Use transaction PSE003, enter the layoff notification date as the effective date and transmit next to the option “add the position layoff notification date”.
2. Use transaction PSE003 again. Enter the layoff date as the effective date and select the option to move the employee to Layoff/TWFR. On the next screen, transmit next to the option for “Severance & Retirement”. When finished, check BES, using the PSB305 transaction, to confirm that the termination date is correct giving the employee 12 months of coverage in their active agency.
3. At the end of the Severance and Retirement, use PSB109/301 to move the employee to the appropriate retiree group.

Enhanced Retirement

Employees eligible for the Workforce Transition Act may be eligible for the Enhanced Retirement option in lieu of the cash severance benefit and employer-paid health care and life insurance premiums.

Health Benefits Impact:

Eligible employees who elect the Enhanced Retirement option may enroll in the State Retiree Health Benefits Program by submitting an enrollment form within 31 days of their retirement date.

Allowable Changes to Membership Level or Plan:

Employees electing enhanced retirement may change plans, reduce membership or enroll in single coverage from waive status at the time of retirement. However, increasing membership based on the retirement event is not allowed.

Extended Coverage/COBRA:

Like all terminating employees, retiring employees who had health plan coverage at the time their active coverage ended due to a qualifying event must, by law, be offered Extended Coverage/COBRA. This is in addition to any retiree coverage for which they may be eligible. Most eligible retirees will choose retiree coverage instead of Extended Coverage/COBRA since Extended Coverage/COBRA requires payment of an additional administrative fee and is for a finite period of time (generally, 18 additional months). If retiree coverage is not elected, other qualified beneficiaries (those covered on the day before active coverage is lost) may elect Extended Coverage/COBRA.

If retiree coverage is elected in lieu of Extended Coverage/COBRA and then terminated (e.g., for non-payment) before the end of the maximum Extended Coverage/COBRA

Workforce Transition Act

period, any remaining Extended Coverage/COBRA rights may be utilized if elected within the 60-day period beginning at the end of retiree coverage.

Employees on Long Term Disability-Working

Description: Employees on Long Term Disability-Working at the time of layoff will be placed on Long Term Disability (not working) immediately upon the effective date of layoff.

Impact on Health Benefits: Employees who move from Long Term Disability-Working to Long Term Disability (LTD) benefits simultaneously with severance benefits will be provided 12 months of health plan coverage (starting with the first full month of LTD/severance benefits) with continued agency contribution. Participants will remain in the agency's active employee group for purposes of continued payment of the monthly premium until the expiration of the 12-month benefit. At the end of the severance payment period (or when the severance benefit can no longer accommodate the employee portion of the premium), the agency will be responsible for collecting the employee contribution until the end of the 12-month benefit. Participants who are on Long Term Disability and receiving severance benefits are not entitled to a Health Insurance Credit.

Participants may enroll/waive in the State Retiree Health Benefits Program as an LTD participant by completing a Retiree/LTD Enrollment/Waiver Form within 31 days of the end of their 12-month WTA health benefit period. Upon timely enrollment in the retiree/LTD group, the participant will be billed directly by the health plan carrier for the full amount of his or her monthly premium.

LTD participants who are eligible for Medicare may be maintained in the non-Medicare plan in which they were enrolled prior to layoff during the 12-month WTA coverage period. At the end of the 12-month WTA coverage period and upon enrollment in the retiree/LTD group, the participant must elect a plan that coordinates with Medicare.

LTD participants whose coverage is terminated for non-payment during the 12-month WTA health benefit period may enroll in the retiree/LTD group within 31 days of the loss of active/WTA coverage.

Allowable Changes to Membership Level or Plan: At the end of the 12-month WTA coverage period, participants may reduce membership or waive coverage per normal plan provisions for LTD participants. Initial waiver of coverage as an LTD participant must be made within 31 days of the end of the 12-month coverage period. Otherwise, failure to take a timely enrollment action or cancellation of the LTD participant's coverage outside of open enrollment and without a qualifying midyear event will result in loss of re-enrollment rights for the duration of LTD. Please refer to Retiree Fact Sheet #11, **VSDP/LTD Participants and the State Retiree Health Benefits Program**, for more information about LTD participants' enrollment in the State Retiree Health Benefits Program.

Flexible Benefits (Pre-Tax Option, Medical Reimbursement Account, Dependent Care Reimbursement Account): Employees who have elected the pre-tax option may

Workforce Transition Act

continue to have their benefit contributions deducted on a pre-tax basis until their severance payments are exhausted—if their severance payments will accommodate the deduction. At that time, participants may continue to pay for their Medical Reimbursement Account on an after-tax basis until the end of the 12-month period or the end of the current plan year, whichever is first. If the end of the plan year occurs during the 12-month WTA benefit period, the participant may enroll for the next plan year. At the end of the 12-month benefit period, the participant should be offered Extended Coverage for existing Medical Reimbursement Accounts, not to extend beyond that plan year. Contributions to Dependent Care Reimbursement Accounts will terminate at the end of the severance payment period or the last month in which contributions are collected, whichever is first.

Extended Coverage: Extended Coverage for health benefits (see above for Medical Reimbursement accounts) should be offered for 18 months at the expiration of the 12-month WTA benefit, or at any time during the 12-month period if coverage is terminated due to non-payment of premiums. (LTD participants who are not enrolled in health plan coverage either at the start of LTD or the end of the 12-month WTA benefit period may elect single coverage within 31 days of their LTD start date or the end of the 12-month benefit period. When there is no coverage prior to the event, Extended Coverage does not apply.) While most participants will not elect Extended Coverage in lieu of LTD/retirement program benefits, they must, by law, receive the offer. If LTD benefits end before the 18-month Extended Coverage period has elapsed, they may enroll for any remaining Extended Coverage months by submitting their Extended Coverage election and enrollment forms to VRS within 60 days of their loss of coverage in the LTD group.

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

Employees on Short Term Disability

Description: Eligible employees receiving Short Term Disability benefits at the time of layoff are eligible to receive Severance Benefits covered by the Workforce Transition Act. Severance benefits include severance payments determined by years of continuous service; employer paid health care and life insurance premiums; or enhanced retirement option.

Impact on Health Benefits: Eligible employees on Short Term Disability at the time of layoff will be provided 12 months of health plan coverage with continued agency contribution running concurrently with severance benefits, Short Term Disability and Long Term Disability, if applicable. If Short Term Disability benefits are exhausted during the 12-month WTA health benefit period and the employee remains disabled, the employee is placed in Long Term Disability (LTD) but continues to receive the agency contribution until the end of the 12-month period. The employee will remain in the agency's active employee group until the expiration of the 12-month benefit for purposes of continued payment of the monthly premium. At the end of the severance payment period (or when the severance benefit can no longer accommodate the employee portion of the premium), the agency will be responsible for collecting the employee contribution until the end of the 12-month benefit. Participants who move to LTD during

Workforce Transition Act

the 12-month period during which severance benefits are received will not be entitled to a Health Insurance Credit.

Long Term Disability participants may enroll/waive in the State Retiree Health Benefits Program by submitting a Retiree/LTD Enrollment/Waiver Form to their agency Benefits Administrator within 31 days of the end of their 12-month WTA health benefit period. Upon timely enrollment in the retiree/LTD group, the participant will be billed directly by the health plan carrier for the full amount of his or her monthly premium.

LTD participants who are eligible for Medicare may be maintained in the non-Medicare plan in which they were enrolled prior layoff during the 12-month WTA coverage period.. At the end of the 12-month coverage period, the participant must elect a plan that coordinates with Medicare.

LTD participants for whom coverage is terminated for non-payment during the 12-month WTA coverage period may enroll in the retiree/LTD group within 31 days of the loss of active/WTA coverage.

Allowable Changes to Membership Level or Plan: At the end of the 12-month WTA coverage period, participants may reduce membership or waive coverage per normal plan provisions for LTD participants. Initial waiver of coverage as an LTD participant must be made within 31 days of the end of the 12-month coverage period. Otherwise, failure to take a timely enrollment action or cancellation of the LTD participant's coverage outside of open enrollment and without a qualifying midyear event will result in loss of re-enrollment rights for the duration of LTD. Please refer to Retiree Fact Sheet #11, **VSDP/LTD Participants and the State Retiree Health Benefits Program**, for more information about LTD participants' enrollment in the State Retiree Health Benefits Program.

Flexible Benefits (Pre-Tax Option, Medical Reimbursement Account, Dependent Care Reimbursement Account): Employees who have elected the pre-tax option may continue to have their benefit contributions deducted on a pre-tax basis until their severance payments are exhausted—if their severance payments will accommodate the deduction. At that time, participants may continue to pay for their Medical Reimbursement Account on an after-tax basis until the end of the 12-month period or the end of the current plan year, whichever is first. If the end of the plan year occurs during the 12-month WTA benefit period, the participant may enroll for the next plan year. At the end of the 12-month benefit period, the participant should be offered Extended Coverage for existing Medical Reimbursement Accounts, not to extend beyond that plan year. Contributions to Dependent Care Reimbursement Accounts will terminate at the end of the severance payment period or the last month in which contributions are collected, whichever is first.

Extended Coverage: Extended Coverage for health benefits (see above for Medical Reimbursement accounts) should be offered for 18 months at the expiration of the 12-month WTA benefit, or at any time during the 12-month period if coverage is terminated due to non-payment of premiums. (LTD participants who are not enrolled in health plan coverage either at the start of LTD or the end of the 12-month WTA benefit period may elect single coverage within 31 days of their LTD start date or the end of the 12-month benefit period. When there is no coverage prior to the event, Extended Coverage does

Workforce Transition Act

not apply.) While most participants will not elect Extended Coverage in lieu of LTD/retirement program benefits, they must, by law, receive the offer. If LTD benefits end before the 18-month Extended Coverage period has elapsed, they may enroll for any remaining Extended Coverage months by submitting their Extended Coverage election and enrollment forms to VRS within 60 days of their loss of coverage in the LTD group.

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

Service Retirement

Description: If the employee is eligible and/or the option is available, employees may elect to retire in lieu of layoff.

Impact on Health Benefits: Employees electing to take service retirement in lieu of layoff will be treated in the same manner as any employee under the same circumstances. Eligible retirees must enroll within 31 days of their retirement date to elect coverage in the retiree group.

Allowable Changes to Membership Level or Plan: Please refer to the HBP Administrative Manual for allowable changes based on retirement. There are no additional changes allowed based on the potential for layoff.

Flexible Benefits (Pre-Tax Option, Medical Reimbursement Account, Dependent Care Reimbursement Account): Retirees may continue their Medical Reimbursement Account through Extended Coverage up to the end of the plan year in which they retire. They may not enroll for benefits beyond that plan year. Participation in a Dependent Care Reimbursement Account will stop at the end of the month in which the last contribution is collected.

Extended Coverage: Retirees who are enrolled in a health plan on the day before their retirement date should be offered Extended Coverage for 18 months, and it will run concurrently with their retirement election, if applicable.

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

Employees on Long Term Disability (LTD)

Description: Employees on LTD (not working) at the time of layoff are not eligible for severance benefits.

Impact on Health Benefits: No additional action is required at the time of layoff within the LTD participant's former work group. (A positive enrollment action was required at the start of LTD.)

Workforce Transition Act

Allowable Changes to Membership Level or Plan: No changes are allowed based on layoff in the LTD participant's former work group. Allowable changes during LTD are addressed in Retiree Fact Sheet #11, **VSDP/LTD Participants and the State Retiree Health Benefits Program.**

Flexible Benefits (Pre-Tax Option, Medical Reimbursement Account, Dependent Care Reimbursement Account): No action required at the time of layoff within the LTD participant's former work group.

Extended Coverage: Extended Coverage is running/has run concurrently with eligibility for participation as an LTD participant. No additional action is necessary at the time of layoff.

Long Term Care: No additional action is required at the time of layoff within the LTD participant's former work group. .