K·STATE
Research and Extension

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Updated June 18, 2013

To: Local Unit Directors

From: Stacey M. Warner
Leader, Extension Operations

Re: **Updated Information** Regarding Health Insurance for Local Extension Unit Employees

Local extension unit office professionals and program assistants are eligible to participate in the State of Kansas employee health insurance as part of a non-state employees group. Local extension units who are currently participating include Central Kansas, Meadowlark, Golden Prairie and River Valley Districts and Dickinson, Riley, Shawnee, Geary, Leavenworth, Reno, Marshall, Wabaunsee, and Cherokee Counties.

Background

In 2003, legislative changes allowed employees of some Kansas public entities (including extension councils and districts) to participate in the State of Kansas health insurance plan which is administered by the Health Care Commission (HCC) in the Kansas State Department of Health and Environment. Office professionals and program assistants have the same choices of health insurance plans as state employees if the local board has made a decision to offer the insurance.

The availability of a group health insurance plan for local unit employees is a need that has long been expressed by agents and boards. A group health plan is an asset to retention of current employees and enhances the ability to attract new employees.

Requirements to Participate in the State of Kansas Health Benefits Program

(Please print the document *State Employee Health Plan for Non-State Employer Group Insurance* - http://www.kdheks.gov/hcf/sehp/NSEGroup.htm

Please read carefully the "Requirements for Non-State Groups to Participate In The State Employee Health Plan" on page 8.

The employee and employer contribution rates must be the same for all non-state employees as for state employees who participate in the plan. The only exception is that the employer can elect to pay 100% of the total cost of a single plan, rather than the normal 95%. The employer is required to contribute 55% of the employee's dependent premium.

At least 70% of eligible employees must participate in the plan. For example, if a local unit with two employees who each work more than 1000 hours per year decides to offer this benefit, both employees must participate, at least at the employee only level.

All employees who work a minimum of 1,000 hours or more per year are eligible employees. Anyone who works 2,000 or more hours is considered full time.

Employers who sign a contract to participate are committed to the plan for three years.

The employer costs increase each year on July 1 while the employee costs increase on January 1. The employee and employer costs are in the above mentioned document.

Kansas State University, County Extension Councils, Extension Districts, and U.S. Department of Agriculture Cooperating.

K-State Research and Extension is an equal opportunity provider and employer.

Knowledge for Life

Procedure for Entering the Plan

1) Submit a Letter of Intent to the HCC in Topeka at least 90 days before the insurance is to begin. A sample is included in this document. For a January 1 start date the Letter of Intent needs to be received by September 1.

2) Following receipt of the letter, the HCC will mail a contract to the local board for signature.

3) Once the contract has been signed, the HCC staff will send enrollment information to employees.

4) The HCC will also send participating groups a *State of Kansas Health Plan Non State Groups Administrative Manual* which give additional details on employee eligibility, dependent eligibility, cost of coverage, open enrollment, mid-year enrollment changes, termination of coverage, billing and coverage, etc.

Procedure for Calculation of Taxes

Each eligible employee who elects to enroll in the health insurance is to fill out a form by January 10 each year indicating whether they want to pay their share of the premiums with **before tax** dollars or **after tax** dollars. See the attached *Payment of Health Care Premiums KSU 1-11.* This is also available on the Forms page of the Employee Resources website. File in the employee's personnel file.

Paying for the premiums with **before tax** dollars means that the employee's portion of the premium is subtracted from their gross earnings first and then FICA, federal and state taxes are paid on the portion of their salary that remains. This will have the result of reducing the tax paid and increasing take-home pay.

This opportunity to pay for the premiums with before tax dollars is available to extension council and district governing body employees because the State Extension Advisory Council has a Cafeteria Plan (allowed by Section 125 of the Internal Revenue Code of 1986) administered by Keating and Associates of Manhattan. This Cafeteria Plan for payment of **employer sponsored health care premiums** with before tax dollars is available to your local unit whether or not your employees participate in the Cafeteria Plan for un-reimbursed health care expenses and dependent care expenses.

Here is an example of the detail for the pay voucher:

If employee has elected to pay their share of premiums with **before tax** dollars:

Gross earnings	$1000	
Health insurance premium (employ**ee**'s portion)	-100	
Adjusted gross earnings	900	
FICA, federal and state tax	-200**	(based on $900 adjusted gross)
Net earnings	$700	

If employee has elected to pay their share of premiums with **after tax** dollars:

Gross earnings	$1000	
FICA, federal and state tax	-250**	(based on $1000 adjusted gross)
Health insurance premium (employ**ee**'s portion)	-100	
Net earnings	$650	

(**These tax figures are for illustration only).

Other Important Information

- For newly hired employees there is a minimum of a 30 day waiting period with coverage beginning the first day of the month following the 30 day waiting period.
- There are no pre-existing plan year exclusions. All enrollees are accepted with current health conditions.
- Employees with medical coverage are automatically enrolled for single dental coverage at no cost. Dependent dental coverage and vision insurance for employee and dependent are available for an additional cost.

For questions please call me at 785-532-5790.

Please note this is a summary of the State Employee Health Plan. The document 2013 NSE Group Information Packet is the resource for additional information.

6/18/2013

State Employee Health Plan
Sample - Letter of Intent
*On Letterhead

Date

Jeanne Kelly
Benefits Communications Manager
Kansas Health Policy Authority
State Employee Health Plan
Room 900-N, Landon State Office Building
900 SW Jackson Street
Topeka, Kansas 66612

Please accept this letter as notice of (_____ County Extension Council or _____ Extension District) intent to enter into a three-year contract to participate as a Non State Group in the State Employee Health Plan. We request health coverage for our employees to be effective (Effective Date – e.g., January 1, 2014).

The (Extension Name of Council or District) will contribute the required premiums of 95% for single coverage and 55% for dependent coverage. We will also maintain the 70% membership requirement.

The contact person for our group will be (Local Unit Director Name). The signer for the contract will be (current board chair).

The (Group Name) FEIN is 48-_____.

Signature of Person Signing Letter

06-18-2013

Payment of Health Care Premiums

Each Local Extension Unit employee who participates in the State of Kansas Employee Health Care Program for Non State Groups is to complete the following information by January 10 each year. File in the employee's personnel file.

Name of employee _____

Social Security Number _____

Check one:

____ I elect to pay for my State Employee Health Plan premiums with "before tax" dollars.

____ I elect to pay for my State Employee Health Plan premiums with "after tax" dollars.

I acknowledge that this decision is irrevocable during the calendar year.

Signature of Employee_____

Date_____

KSU 1-11 (6/18/13)

NON-STATE EMPLOYER GROUP HEALTH PLAN
Monthly Composite Rates-EMPLOYER CONTRIBUTION
Health/Drug/Dental
Effective July 1, 2013

Rates are the same as 2012

Full Time Employee	$563.06
Full Time Dependent (Employee + Spouse, Children, or Family)	$989.10
Part Time Employee	$440.94
Part Time Dependent (Employee + Spouse, Children, or Family)	$776.02

Notes:

- *Employee contribution rates change on January 1 each year.*
- *Employer contribution rates are expressed on the State's fiscal year (July 1st to June 30th), rather than a calendar year.*

Updated 06/2013