Insurance benefits program

Optional Employer Handbook

south carolina peba SM

state health plan | retirement systems

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Thank you for your interest in becoming part of the State of South Carolina Group Health Benefits Plan and related insurance benefits programs (collectively, the state insurance benefits program). PEBA manages the program. Information in this handbook will help you learn about the program and eligibility requirements; understand the requirements and conditions for participation; and find out more about the steps required to enroll in the program.

Three steps to participation

Step 1	Step 2	Step 3
Six months prior to desired effective date **Learn about the program and request eligibility determination**	*120 days prior to desired effective date* **Decide to join the program**	**Educate and enroll your employees and retirees**

Learn about the program and request eligibility determination

Six months prior to desired effective date

If your entity is interested in joining the state insurance benefits program, the first step is to complete an ***Optional Employer Eligibility Determination Request*** and submit it to PEBA at least six months before your desired effective date for insurance coverage. If it is determined you are eligible to participate in the program, PEBA will contact you and provide details about your next steps. More information about eligibility is on Page 5.

During this time, your entity should also thoroughly review the state insurance benefits program to decide whether the program meets your needs. Be sure to evaluate how any employees, including those who are Medicare-eligible, covered spouses and dependents, retirees and former spouses may be impacted if your entity joins the state insurance benefits program. More information about the program is available in the ***Benefits Administrator Manual*** and ***Insurance Benefits Guide***. Our Field Services Department will also be happy to assist you in learning about the benefits and requirements of the program.

Decide to join the program

120 days prior to desired effective date

If your entity is determined to be eligible to participate in the program, and has made a decision to join the program after learning about its details, the next step is for the governing body of your entity to execute an *Optional Employer Participation Resolution* authorizing the entity to participate in the state insurance benefits program. This resolution must be received by PEBA at least 120 days before the date you wish your coverage to take effect. In addition to the resolution, your entity must also remit an advance deposit toward your premiums at least 120 days before your desired effective date.

Deposit amounts for optional employers are separated into three categories. Your category is determined by the number of covered lives you have, not the number of employees you have.

- Small employers: $1,000
  Employers with fewer than 100 covered lives.
- Medium employers: $10,000
  Employers with 100-500 covered lives.
- Large employers: $100,000
  Employers with more than 500 covered lives.

Please note that the 120-day enrollment period does not begin until PEBA receives the resolution and deposit. Your coverage effective date must be on the first of a month. Be sure to make a copy of your resolution and keep it with this handbook for your reference.

Educate and enroll your employees and retirees

Upon receipt and approval of your resolution and deposit, a Field Services representative will contact you to discuss the effective date for your coverage under the state insurance benefits program, and the education and enrollment of your employees. You, as the employer, are responsible for communicating information and providing education about the state insurance benefits program to your employees and retirees.

Field Services will also assist with gaining access to and training for Employee Benefits Services (EBS), PEBA's secure, online site for employers to access the insurance program enrollment database. You must use EBS to enroll your active employees in coverage. More information about the enrollment process is available in the ***Benefits Administrator Manual*** and ***Insurance Benefits Guide***.

To assist with enrolling retirees, Field Services will share information about completing ***Employment Verification Record*** and paper *Notice of Election* forms.

PEBA also offers training at no cost for your benefits administrator(s). All new benefits administrators are required to attend this training, which occurs throughout the year. They can register at www.peba.sc.gov/events.html.

Questions

PEBA can answer your questions about enrollment and the state insurance benefits program. Call the Customer Contact Center at 888.260.9430 or email fieldservices.insurance@peba.sc.gov.

PEBA determines your eligibility

As a general matter, the state, its public school districts and public institutions of higher education are automatically covered by the state insurance benefits program.

Since 1985, the General Assembly has extended voluntary participation in the state insurance benefits program to certain optional employers. Currently, pursuant to Section 1-11-720 of the Code of Laws, optional participation in the state insurance benefits program is available to political subdivisions of the state of South Carolina, such as counties, municipalities and special purpose districts, as well as governmental agencies or instrumentalities of such political subdivisions. Please note that because the plans offered through the state insurance benefits program are governmental plans, your employer must be a governmental entity to participate in the program.

By law, if an optional employer joins the state insurance benefits program, it must participate in the program for at least four years and must comply with the requirements established by PEBA for participation in the program.

If your optional employer is a disabilities and special needs board, you are required to

submit your eligibility request through the S.C. Department of Disabilities and Special Needs for budget review before submission to PEBA. Please forward your eligibility request to:

Department of Disabilities and Special Needs
Attn: Director of Human Resources
P.O. Box 4706
Columbia, SC 29240
803.898.9612

If an optional employer participates in the state retirement systems and is delinquent in remitting proper retirement payment to PEBA, it will not be approved to participate in the state insurance benefits program.

Benefits programs

The state insurance benefits program offers a variety of coverage to active employees, retirees and survivors. The State Health Plan, Basic Dental, Basic Life insurance and Basic Long Term Disability plans are the core benefits, and the participating optional employer must pay a minimum contribution for each employee enrolled in those plans.

The employee-pays-all plans include Dental Plus, the State Vision Plan, Optional and Dependent Life insurance, Supplemental Long Term Disability and the MoneyPlus tax-favored spending accounts.

Retirees and survivors are eligible for health, dental and vision benefits only.

Optional employers must offer all eligible individuals (active employees, retirees, COBRA participants, survivors and former spouses) the entire package of state insurance benefits for which they are eligible, and must allow individuals to refuse all or any part of the benefits package.

Following is a high-level overview of the benefits offered. More details about each benefit, including current premiums, are available in the ***Insurance Summary*** and ***Insurance Benefits Guide***.

State Health Plan and other health coverage

The State Health Plan provides medical coverage. The three State Health Plan options include the Standard Plan, Savings Plan and Medicare Supplemental Plan, and all are preferred provider plans. View more information about the plans in the ***Insurance Benefits Guide***.

PEBA also provides wellness benefits to help employees and their families lead healthier lives through disease prevention, early detection of diseases, disease management and health promotion. View more information at www.peba.sc.gov/healthwellness.html.

State Health Plan subscribers who use tobacco or e-cigarettes or cover someone who uses tobacco or e-cigarettes will pay a monthly tobacco-user premium based on their coverage level:

- Single coverage: $40 monthly premium
- All other coverage levels: $60 monthly premium

The premium is automatic for all State Health Plan subscribers unless the subscriber certifies no one he covers uses tobacco or e-cigarettes or covered individuals who use tobacco or e-cigarettes have completed the Quit For Life® tobacco cessation program.

The TRICARE Supplement Plan is available to members of the military community who are not eligible for Medicare. The plan is secondary coverage to TRICARE, and it pays the subscriber's share of covered medical expenses under the TRICARE Prime, Extra and Standard options.

An eligible employee who refuses health coverage also forfeits Basic Life and Basic Long Term Disability benefits.

Dental Plus

Dental Plus pays more and has higher premiums and lower out-of-pocket costs than Basic Dental. Subscribers who enroll in Dental Plus will automatically be enrolled in Basic Dental, too, at the same coverage level. Employers do not pay an employer contribution toward Dental Plus.

Basic Dental

Eligible employees who enroll are covered at no cost to the employee. Subscribers who cover dependents will pay a monthly premium. Subscribers may refuse health plan coverage and still participate in the dental plan.

State Vision Plan

Subscribers pay a monthly premium with no employer contribution. Subscribers may refuse health plan coverage and still participate in the vision plan.

Life insurance

Basic Life

The optional employer pays the entire premium for a $3,000 Basic Life insurance benefit for all eligible employees younger than age 70 and a $1,500 benefit for eligible employees age 70 and older. The employee must be enrolled in a health plan to be eligible. Accidental death and dismemberment benefits equal to the employee's amount of Basic Life insurance will be paid for active employees in the event of either occurrence.

Optional Life

Participation in Optional Life insurance with matching accidental death and dismemberment coverage is voluntary and not dependent upon enrolling in health insurance. The employee pays all premiums with no employer contribution. Optional Life premiums are determined by the employee's age on the preceding December 31 and the amount of insurance selected.

Dependent Life-Spouse

Participation in Dependent Life-Spouse insurance with matching accidental death and dismemberment coverage is on a voluntary basis. The employee pays all premiums with no employer contribution. Dependent Life-Spouse premiums are determined by the spouse's age on the preceding December 31 and the amount of insurance selected.

Dependent Life-Child

Participation in Dependent Life-Child insurance is on a voluntary basis. The employee pays all premiums with no employer contribution. One Dependent Life-Child premium provides $15,000 of coverage for all eligible children.

Long term disability insurance

Basic Long Term Disability

The optional employer pays the entire premium for Basic Long Term Disability coverage for each eligible employee enrolled in a health plan. It helps protect a portion of the employee's income if he becomes disabled as defined by the plan.

Supplemental Long Term Disability

Participation in the Supplemental Long Term Disability Plan is voluntary and not dependent upon enrolling in health insurance. It provides additional protection and the employee pays all premiums with no employer contribution. Premiums are determined by the employee's age, salary and plan selected.

Flexible benefits

MoneyPlus, the state's flexible benefits program, is available under Sections 105, 125, 129 and 223 of the Internal Revenue Code to active employees of participating employers in the state insurance benefits program. This program allows employees to save money by using pretax dollars to pay some

of their state-offered insurance premiums. In addition, employees may establish pretax accounts to pay for non-reimbursed medical expenses (including deductibles and coinsurance) and dependent care.

Participation in MoneyPlus is voluntary. The employer deducts a pretax monthly administrative fee for each account selected and forwards the fees and account contributions to PEBA's flexible benefits vendor. There is no fee to participate in the Pretax Group Insurance Premium feature.

Pretax Group Insurance Premium feature
This features allows an eligible employee's health, dental, vision and Optional Life (for coverage up to $50,000) premiums to be deducted pretax from his paycheck. An active employee may elect to participate or decline to participate at enrollment.

Medical Spending Account
This account allows an eligible employee to set aside an amount pretax to pay eligible medical expenses. The IRS annually sets a maximum contribution amount. Participants will receive a debit card for their account to pay eligible medical expenses. Savings Plan subscribers are eligible for a Limited-use Medical Spending Account if they participate in a Health Savings Account. An active employee may elect to participate at enrollment.

Health Savings Account
This account allows an eligible employee who is enrolled in the Savings Plan to set aside an amount pretax to pay current or future eligible medical expenses. The IRS annually sets a maximum contribution amount. An active employee may elect to participate at enrollment.

Limited-use Medical Spending Account
Employees who have a Health Savings Account can also enroll in a Limited-use Medical Spending Account. This account covers those expenses the Savings Plan does not cover, like dental and vision care, and it works the same as a traditional Medical Spending Account.

Dependent Care Spending Account
This account allows an eligible employee to set aside an amount pretax to pay qualified dependent care expenses. The IRS annually sets a maximum contribution amount based upon tax-filing status. The maximum contribution for highly compensated employees is set each year, too. An active employee may elect to participate at enrollment.

Offering other benefits

Participating employers are prohibited from offering to their insurance-eligible individuals an insurance benefit that is also available through the state insurance benefits program, including, but not limited to: a group health, dental, vision, life, accidental death and dismemberment, or long term disability insurance plan.

Participating employers are not prohibited from developing or implementing a separate cafeteria plan for their employees to provide benefit options not offered under the state insurance benefits program. Benefits not offered through the state insurance benefits program may not be deducted pretax through the state's flexible benefits plan.

Participation requirements

Optional employers

All eligible optional employers approved to participate in the state insurance benefits program are required to agree and adhere to the *Requirements for Participation in the State Insurance Benefits Program* set out on Pages 22-26. Be sure to read this handbook and the entire *Requirements for Participation* carefully. Here are some highlights from the requirements.

An optional employer that joins the program agrees to:

1. **Participate in the state insurance benefits program for at least four years.** An optional employer that has participated in the state insurance benefits program for at least four years may elect to leave by notifying PEBA in writing 90 days before withdrawal from the program. Any optional employer that withdraws or has its coverage terminated must wait at least four years from its termination date to apply to re-enter the program.
2. **Designate a benefits administrator[1] to handle enrollment, communications, distribution of materials, PEBA inquiries, and collection and remittance of insurance premiums.** This contact person must reconcile the monthly bill; process all enrollment additions, changes and deletions; forward enrollment information to PEBA in a timely manner; and maintain ongoing management of the employer's benefits administration. Understanding the many aspects of the state insurance benefits program is an important part of the benefits administrator's role. The benefits administrator for a new employer is required to enroll in classes PEBA conducts for benefits administrators. These classes are available at no cost and are held at PEBA's office in Columbia throughout the year. In addition to insurance benefits training classes, PEBA sponsors a conference each fall that provides opportunities for benefits administrators from across the state to meet, share ideas and receive updates on benefits plan changes for the coming year. View the employer training calendar and more resources at **www.peba.sc.gov/employers.html**.
3. **Ensure that all enrolled employees, retirees and their dependents meet the PEBA and statutory eligibility requirements for coverage.** Eligibility requirements for coverage are governed by state statute and by the plan documents and insurance certificates for the benefits offered, such as the ***Plan of Benefits***. These eligibility requirements are outlined in the ***Insurance Benefits Guide*** and the ***Benefits Administrator Manual***, which is an employer manual that outlines insurance processes and procedures.

Employees

Generally, to be eligible to enroll in the insurance benefits PEBA offers, an employee of a participating optional employer must work an average of at least 30 hours per week. However, an employer may exercise a one-time, irrevocable election to also cover employees who work at least 20 hours per week.

Elected members of participating county and municipal councils whose members are eligible to participate in the South Carolina Retirement

1 Benefits administrators and others chosen by your employer to assist you with your participation in the employee benefit programs administered by PEBA are not agents or employees of PEBA and are not authorized to bind PEBA or make representations on behalf of PEBA.

Recommendations for implementation

Each optional employer who joins the state insurance benefits program is responsible for communicating the benefits to its employees and retirees. The employer is also responsible for enrolling its employees and retirees in coverage. The employer must use PEBA's online enrollment system, EBS, to enroll active employees. The employer must use a *Notice of Election* form to enroll retirees. More information about the enrollment process is available in the ***Benefits Administrator Manual*** and ***Insurance Benefits Guide***.

Below are other recommendations for a successful implementation:

- Assign a project manager to manage the transition to the state insurance benefits program.
- Make sure you have a complete roster of eligible employees and retirees that includes contact information. You will need to submit this roster to PEBA so we can identify anyone who may be already covered as a dependent on PEBA's coverage and check for any special situations.
- Ensure employees and retirees receive information about available benefits prior to education and enrollment sessions.
- Let employees and retirees know they must bring **supporting documents** and required information to sessions in order to enroll dependents.
- Reserve a facility with adequate space for sessions and wireless access. Ensure copiers and/or scanners are available at the sessions.
- Regularly compare your eligible participant list to enrollments received throughout the enrollment process.
- Review and clear enrollment rejections in EBS promptly throughout the process.

System are also eligible to participate in the state insurance benefits program. Members of other governing boards are not eligible.

Initial enrollment and implementation

At its initial enrollment, the optional employer must make a good faith effort to inform and notify not only its eligible active employees, but also all eligible retired and terminated employees, as well as dependents of deceased employees and retirees, of their eligibility to participate in the state insurance benefits program.

Enrollment elections made by the optional employer's eligible subscribers become effective on the employer's initial enrollment date, which must be the first of a month. Any changes to these elections must be submitted on a *Notice of Election* form to PEBA within 31 days of the employer's initial enrollment date.

If a retiree covered under PEBA's retiree group insurance returns to active employment in an insurance-eligible position, he cannot remain on retiree coverage, but must enroll in active group employee benefits or refuse all coverage.

Open enrollment and special eligibility situations

Employees may add or drop health or vision coverage for themselves or their eligible dependents during open enrollment, which occurs each October. Employees may add or drop dental coverage for themselves or their eligible dependents only during open enrollment in odd-numbered years.

Other changes that can be made during open enrollment include:

- Enrolling in, changing amount of or dropping life insurance coverage;
- Applying for, changing benefit waiting period of or dropping Supplemental Long Term Disability coverage; and
- Enrolling or re-enrolling in MoneyPlus spending accounts.

Some changes may be made within 31 days of a special eligibility situation, such as marriage, birth, adoption or placement of a child, or gain or loss of other coverage, depending on the situation. These rules are explained in detail in the ***Benefits Administrator Manual*** and ***Plan of Benefits***.

Supporting documentation

A subscriber must provide legible copies of **supporting documents** to prove the eligibility of each family member enrolled during initial enrollment, open enrollment or as a result of a special eligibility situation.

New hires throughout the year

An optional employer may not impose a waiting period before enrolling a newly hired full-time employee for benefits, even if the optional employer considers him in probationary or similar status. Enrollments must be completed and signed within 31 days of the date of hire. Coverage begins as follows:

- If the employee's first scheduled workday is on the first calendar day of the month, coverage begins that day.
- If the employee's first scheduled workday is on the first working day of the month (first day of the month that is not a Saturday, Sunday or observed holiday), but not on the first calendar day of the month (for example, he begins on the 2nd or 3rd of the month), then the employee may choose when coverage starts: either the first calendar day of that month or the first calendar day of the following month.
- If the employee's first scheduled workday is after the first calendar day and after the first working day of the month, coverage will start the first calendar day of the following month.
- If you cannot determine if a part-time, variable-hour or seasonal employee will be eligible for benefits as a full-time employee, you may measure his hours from the date of his hire to one year to determine if he averaged more than 30 hours a week. If the employee is determined at the end of his initial measurement period to be eligible for benefits, coverage will start the first calendar day after the end of his initial administrative period. Refer to the **Affordable Care Act frequently asked questions** for more information.

Return-to-work retirees

If a retiree covered under PEBA's retiree group insurance returns to active employment in an insurance-eligible position, he cannot remain on retiree coverage, but must enroll in active group employee benefits or refuse all coverage. If the retiree is Medicare-eligible and elects active

coverage under the state insurance benefits program, the state coverage will be primary, paying claims before Medicare. If a Medicare-eligible retiree declines all state coverage upon returning to work, Medicare will be primary; however, the retiree will not be eligible to enroll in PEBA's Medicare Supplement Plan. When a retiree's return-to-work employment ends, the retiree may return to retiree coverage under the state insurance benefits program.

If a retiree returns to active employment but not in an insurance-eligible position, he may remain on retiree coverage.

Former spouse coverage

A former spouse must have his own policy under the state insurance benefits program if an employee or retiree is required by court order to provide coverage for the former spouse. Former spouses are eligible for health, dental and vision benefits only. The cost of former spouse coverage is the full premium amount, which includes both the subscriber and employer premiums.

Other enrollment information

The complete text of eligibility and enrollment provisions for health coverage is in Article 3 of the ***Plan of Benefits***. Information is also available in the ***Benefits Administrator Manual*** and ***Insurance Benefits Guide***.

After its initial enrollment, the optional employer must notify employees, retirees and dependents of their rights concerning continued health, dental and vision coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Experience rating means your health premiums may be different

Optional employers are subject to experience rating of health insurance premiums. This means your employer contributions and subscriber premiums may be different than those appearing in our publications. Optional employers are separated into three categories based on the number of covered lives for experience rating:

- Small employers: fewer than 100 covered lives.
- Medium employers: 100 to 500 covered lives.
- Large employers: more than 500 covered lives.

For the experience rating, a load factor, or a percentage amount, is added to the optional employer's health premiums based on claims history. This load factor is adjusted each year using the past two plan years' worth of claims experience. For more information about how the load factor is determined, see the frequently asked questions on Page 17.

Employers will receive written notification of their load factor each March, and the load factor will be applied in January of the following year. This factor is applied to both the employer and employee shares of the health premium.

When an optional employer enrolls in the state insurance benefits program, its health premiums are rated according to the average claims experience of other employers in its category. More details are available in the frequently asked questions on Page 17.

The **load factors** are available online and are capped at 50 percent. You must adjust the premiums in the ***Insurance Benefits Guide*** using the load factor for your employer size. For questions about how to apply load factors to premiums, please email **fieldservices.insurance@peba.sc.gov**.

How to apply load factor to premiums

Below is an example of how to apply a load factor to premiums available in the ***Insurance Benefits Guide***. The load factor is applied to both the employer and employee shares of the health premium.

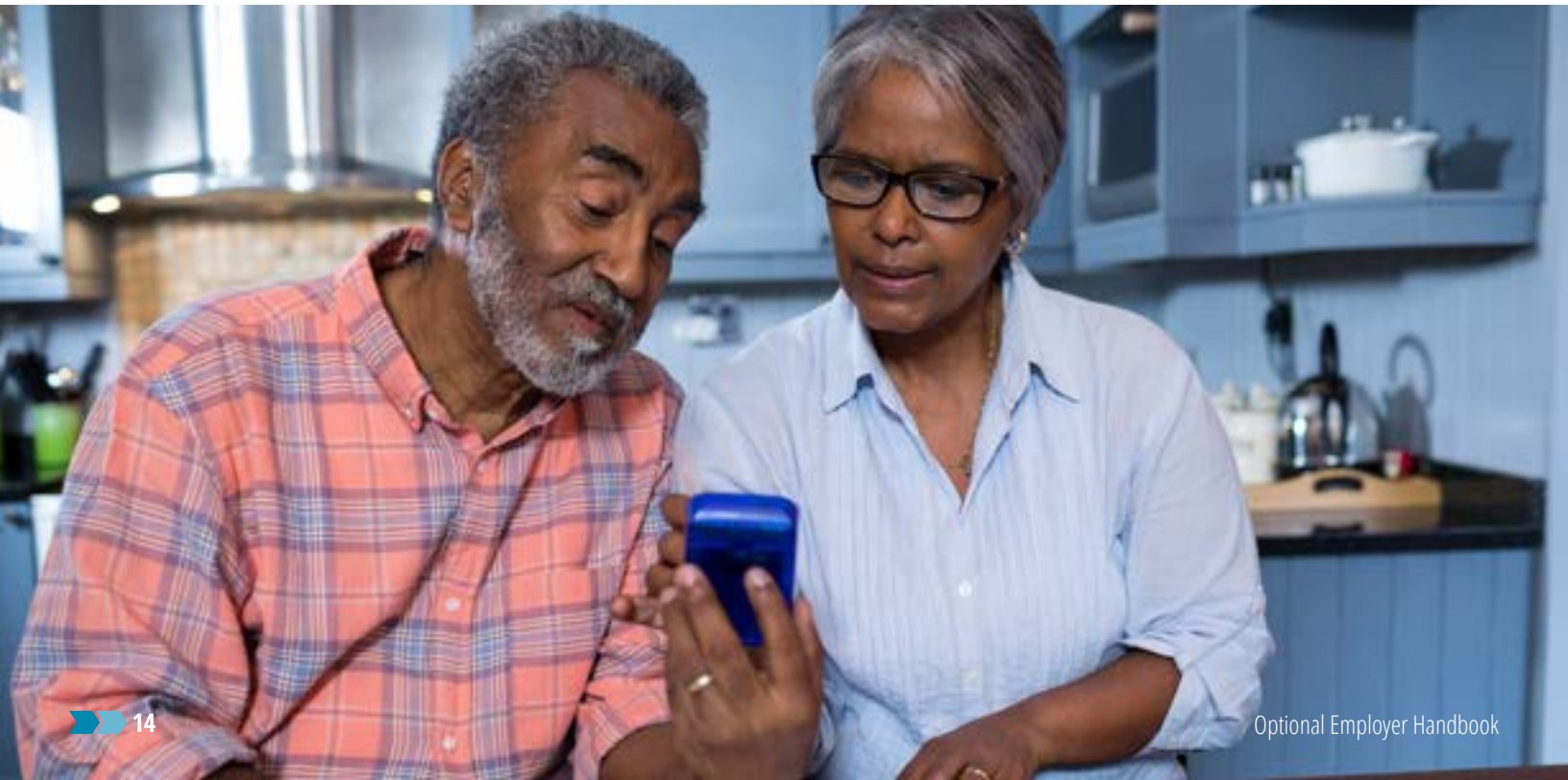
Premium	$200	Multiply premium by the load factor	$200
Percent increase	0.9%	to calculate the new premium for	× 1.009
Load factor	1.009	an optional employer.	**$201.80**

Levels of coverage and premiums

A participating employer must offer all eligible individuals the entire package of state insurance benefits for which they are eligible, and it must allow individuals to refuse all or any part of the benefits package.

The employer may not incentivize an eligible individual to refuse all or any part of the benefits package. All eligible individuals must have the opportunity to enroll in, and select the level of coverage desired in, any of the benefits provided in the state insurance benefits program. The available benefits are listed in the chart below.

Benefit	Insurance-eligible employees[2]	Retirees and survivors	COBRA participants
Health	✓	✓	✓
Dental Plus	✓	✓	✓
Basic Dental	✓	✓	✓
State Vision Plan	✓	✓	✓
Basic Life	✓		
Optional Life	✓		
Dependent Life	✓		
Basic Long Term Disability	✓		
Supplemental Long Term Disability	✓		
MoneyPlus	✓		✓[3]



Employer contributions

Optional employers must contribute, for their active employees and actively working retirees, no less than the same percentage the state contributes toward the total premiums for active employees of state agencies and public school districts. This means that participating optional employers must contribute at least the base amounts for each insurance-eligible employee, based on the level of coverage the employee selects. Optional employers must also remit a $3 monthly administrative fee per subscriber. The current year's employer contributions (base amount)[4] are listed in the ***Insurance Benefits Guide***.

Insurance-eligible employee premiums

The employer may not pass along any portion of the required minimum employer contribution to an employee, nor can it prohibit employees from selecting among the categories available. For example, an employer cannot mandate that it will pay for coverage for the employee only and require the employee to pay the remaining employer portion for other levels of coverage.

An optional employer may elect to contribute more than its minimum required amounts, which include the experience rating for health premiums, for insurance-eligible employees. The active employee premiums for health and dental coverage listed in the ***Insurance Benefits Guide*** are based on the employer making the minimum contributions, which are also listed in the ***Insurance Benefits Guide***. If your optional employer wants to make additional contributions, you must develop your own active employee premium tables by deducting the additional contribution from the premiums in the ***Insurance Benefits Guide*** to reflect the lower amount your employees pay. Note that

you cannot, however, edit PEBA's publications to reflect your updated premiums; you can develop a supplemental premium table.

Retiree premiums

Eligible retired employees may elect health, dental and vision coverage only. An optional employer can choose the amount, if any, it wishes to contribute toward health and dental coverage for its eligible retirees.

If your optional employer wants to make contributions, you must develop your own premium tables by adjusting the non-funded retiree premiums in the ***Insurance Benefits Guide*** to reflect your optional employer's contribution. Note that you cannot, however, edit PEBA's publications to reflect your updated premiums; you can develop a supplemental premium table.

Administrative fee

The $3 administrative fee cannot be passed on to active employees. An optional employer may, however, require retirees, survivors and former spouses to pay this fee. The fee may not be charged to COBRA participants.

[4]Premiums are subject to change each calendar year.

Remitting monthly payments

PEBA bills optional employers on or before the first of the month for both employer and subscriber premiums. Employers will not receive paper bills. Bills are available electronically in EBS. Optional employers must remit payment to PEBA by the 10th of each month for all employer and subscriber premiums for covered active employees, retirees, survivors, COBRA participants and dependents. Prompt payment of premiums is essential to meet state-established financial requirements. You are responsible for collecting and paying PEBA for the premiums of your covered active employees, retirees, survivors, COBRA participants and dependents.

Full payment is due, as billed, by the 10th of the month, even if the optional employer has not collected subscriber premiums. If the bill is incorrect, the optional employer should pay the bill and request corrections as needed. Any adjustments will appear on the next billing statement.

Delinquent accounts

If an optional employer is delinquent in remitting proper payment to PEBA, PEBA has the authority to initiate the withholding of the delinquent payment from state funds due the optional employer. In addition, PEBA reserves the right to suspend claims payments upon 30 days' notice to an optional employer. PEBA also reserves the right to cancel insurance coverage for nonpayment of premiums or noncompliance with participation requirements upon 30 days' notice to an optional employer.

Compliance

PEBA is responsible for monitoring optional employers' compliance with the participation requirements for the state insurance benefits program, and it reserves the right to audit the optional employer's books and records as they pertain to participation in the program. The optional employer shall make such books and records available to PEBA without charge upon one week's notice.

Advance deposit

Optional employers must remit an advance deposit before the 120-day enrollment period begins. The enrollment period does not begin until PEBA receives the deposit and resolution. The advance deposit amount for optional employers is separated into three categories based on the number of covered lives:

- Small employers: $1,000
  Employers with fewer than 100 covered lives.
- Medium employers: $10,000
  Employers with 100-500 covered lives.
- Large employers: $100,000
  Employers with more than 500 covered lives.

The advance deposit will be applied to the employer's first monthly insurance bill.

Annual advance billing

Optional employers must also remit a deposit of one month's advance billing to PEBA annually by July 15. The advance billing includes total employer contributions for health, dental, Basic Life and Basic Long Term Disability for active subscribers, as determined by PEBA enrollment files for July.

Frequently asked questions

1. **When employers apply to participate in the state insurance benefits program, what is the commitment period?**
   When an employer elects participation in the state insurance benefits program, the statutorily defined commitment period is a minimum of four years. Also, if an employer withdraws or has its coverage terminated, it must wait at least four years from the date of termination before applying to rejoin.
2. **What is PEBA's plan year?**
   The state insurance benefits program plan year is always the calendar year. It starts in January, with open enrollment elections in October effective the following January.
3. **Does PEBA have an employee assistance program?**
   No.
4. **What control does the employer have over which plans are offered?**
   A participating employer must offer all eligible individuals the entire package of state insurance benefits for which they are eligible, and it must allow individuals to refuse all or any part of the benefits package. An employer may not incentivize an eligible individual to refuse all or any part of the benefits package. The levels, or tiers, of coverage are:
   - Employee only;
   - Employee/spouse;
   - Employee/children; and
   - Full family.

   A participating employer is prohibited from offering to its insurance-eligible employees an insurance benefit that is also available through the state insurance benefits program. A participating employer is not, however, prohibited from offering programs to its employees that provide benefit options not offered under the state insurance benefits program. Benefits not offered through the state insurance benefits program may not be deducted pretax through PEBA's flexible benefits plan.
5. **Does an employer participating with PEBA have to offer benefits to retirees?**
   Yes. Eligible retired employees may elect health, dental and vision coverage. Unlike the state, which contributes the same amount toward health and dental premiums for funded retirees as it does for active employees, a participating optional employer has the option to choose the amount, if any, it wishes to contribute toward health, dental and vision coverage for its eligible retirees.
6. **Are elected members of participating municipal and county councils eligible to participate?**
   Elected municipal and county council members who are eligible to participate in the South Carolina Retirement System are eligible to participate in the state insurance benefit program on the same basis as full-time employees. Their premiums will be the same as for any other employee. Members of other governing boards or governing bodies are not eligible to participate in the program, unless they would otherwise be eligible as full-time employees.
7. **How will the health insurance premiums be determined?**
   Optional employers pay the same health insurance premiums as state agencies and public school districts adjusted by an experience rating. The optional employers are separated into three categories for experience rating:

- Small employers: fewer than 100 covered lives.
- Medium employers: 100 to 500 covered lives.
- Large employers: more than 500 covered lives.

For the experience rating, a load factor, or a percentage amount, is added to the optional employer's health premiums based on claims history. This load factor is adjusted each year using the past two plan years' worth of claims experience. Employers will receive written notification of their load factor each March, and the load factor will be applied in January of the following year. This factor is applied to both the employer and employee shares of the health premium. The load factors are available online and are capped at 50 percent.

8. **How will the load factor be determined?**
   When an optional employer enrolls in the state insurance benefits program, its health premiums are rated according to the average claims experience of other employers in its category as follows:
   - Small employers: always receive the aggregate load factor for small employers.
   - Medium employers: receive the aggregate load factor for all medium employers until they have a minimum of 24 months of claims experience.
   - Large employers: receive the aggregate load factor for large employers until they have a minimum of 12 months of claims experience.

   After an optional employer has enough claims experience, it will be rated as follows:
   - Small employers: rated together according to the small employer aggregate claims experience.
   - Medium employers: weighted at 50 percent based on their claims experience and weighted at 50 percent based on the aggregate for all medium employers.
   - Large employers: weighted at 100 percent of their own individual entity's claims experience.
9. **What will optional employers' load factors be for this year?**
   The load factors are available online and are capped at 50 percent.
10. **Does experience rating apply to other plans offered through PEBA?**
    No. Experience rating applies only to the health plans.
11. **If a participating optional employer elects to contribute more than PEBA requires toward its employees' health insurance premiums or to contribute to retirees' health insurance premiums, can it change the amount of the contributions in the future?**
    If an optional employer is considering paying more than the minimum employer contribution toward eligible employees' premiums, or funding retiree premiums, the optional employer should first make sure it can afford to do so. PEBA requires that an optional employer pay its monthly bill promptly or risk termination of the employer's participation for non-payment.

    Before increasing or reducing employer contributions, it is also very important that an optional employer consult its legal and tax advisers about compensation and tax issues, as well as compliance with federal, state and local laws.

    When considering changes in contributions to health premiums, an optional employer

should be mindful of these points:

- It must offer each eligible employee or retiree a choice among the available health plans, and it must offer all levels of coverage (for example, family coverage as well as individual coverage must be offered).
- It must pay at least the minimum required employer contribution for each active employee's selected level of coverage, including the experience rating for health premiums. No portion of this amount can be passed along to the employee. The current year's employer contributions[5] are listed in the ***Insurance Benefits Guide***.
- PEBA does not require optional employers to contribute any amount toward retiree premiums.

12. **May employers choose to contribute toward only the employee's coverage and not toward the coverage of any dependents?**
No. Employers must contribute the minimum-required employer contribution toward whatever level of coverage employees choose. Employers may not charge the employee for any part of the minimum employer contribution for dependents. The current year's employer contributions[5] are listed in the ***Insurance Benefits Guide***. The experience rating must be added to the health premiums listed.

    If an optional employer wants to make additional contributions over the minimum-required employer contributions, it must develop its own active employee premium tables by deducting the additional contribution from the premiums in the Insurance Benefits Guide to reflect the lower amount its employees pay. Note that you cannot, however, edit PEBA's publications to reflect your updated premiums; you can develop a supplemental premium table.

13. **Does the health plan an employee chooses affect the employer contribution?**
No. The employer contributes the same amount to each level of coverage, regardless of the health plan. The employee pays the extra cost for a more expensive health plan. Only the level of coverage affects how much the employer pays. There is no employer contribution toward the TRICARE Supplement Plan. The current year's employer contributions[5] are listed in the ***Insurance Benefits Guide***.

14. **Will the employer be responsible for paying for Basic Life and Basic Long Term Disability insurance?**
If an employee enrolls in health insurance, the employer will be required to pay the premium for Basic Life and Basic Long Term Disability. No Basic Life or Basic Long Term Disability coverage will be provided to an employee if he does not enroll in a health plan. The current year's employer contributions[5] are listed in the ***Insurance Benefits Guide***.

15. **Are there other costs for an employer?**
Yes. Optional employers must pay a $3 administrative fee for each employee, retiree, survivor, COBRA participant and former spouse per month. Employers cannot pass this fee to active employees and COBRA participants. An employer may require retirees, survivors and former spouses to pay this fee.

[5]Premiums are subject to change each year.

16. **Does it cost extra for employers or employees to use PEBA's health and wellness programs?**
    There is no additional cost to the employer for PEBA's health and wellness programs; however, some programs may be offered at a minimal fee to the employees and their families. More information is available **online**.

    PEBA offers Healthy Hour sessions, which are onsite health education seminars. Employers can schedule a session on a variety of topics and there is an employer cost for these seminars. More information is available **online**.

17. **What does an employer need to do to join the state insurance benefits program?**
    To join the program, the employer must take the steps set out below:

    Step 1
    Submit an ***Optional Employer Eligibility Determination Request*** at least six months before your desired effective date for insurance coverage to determine your employer's eligibility to participate in the program.

    Step 2
    If your entity is determined to be eligible to participate in the program, submit an *Optional Employer Participation Resolution* executed by the employer's governing body authorizing the entity to participate in the state insurance benefits program. This resolution must be received by PEBA at least 120 days before the date you wish your coverage to take effect. In addition to the resolution, your entity must also remit an advance deposit toward your premiums at least 120 days before your desired effective date.

    Deposit amounts for optional employers are separated into three categories:

    - Small employers: $1,000
      Employers with fewer than 100 covered lives.
    - Medium employers: $10,000
      Employers with 100-500 covered lives.
    - Large employers: $100,000
      Employers with more than 500 covered lives.

    Please note that the 120-day enrollment period does not begin until PEBA receives the resolution and deposit. Your coverage effective date must be on the first of a month.

    Step 3
    Upon receipt and approval of your resolution and deposit, a Field Services representative will contact you to discuss the effective date for your coverage under the state insurance benefits program and the education and enrollment of your employees.

Insurance products PEBA offers

A participating employer must offer all eligible individuals the entire package of state insurance benefits for which they are eligible, and it must allow individuals to refuse all or any part of the benefits package. An employer may not incentivize an eligible individual to refuse all or any part of the benefits package.

Benefit type	PEBA's insurance product(s)
Health Administered by BlueCross BlueShield of South Carolina and GEA TRICARE	• State Health Plan • TRICARE Supplement Plan
Prescription Administered by Express Scripts	• State Health Plan
Dental Administered by BlueCross BlueShield of South Carolina	• Basic Dental
Dental supplement Administered by BlueCross BlueShield of South Carolina	• Dental Plus
Vision Administered by EyeMed	• State Vision Plan
Term life insurance Administered by MetLife	• Basic Life with Accidental Death and Dismemberment • Optional Life with Accidental Death and Dismemberment • Dependent Life-Spouse with Accidental Death and Dismemberment • Dependent Life-Child
Long term disability Administered by The Standard	• Basic Long Term Disability • Supplemental Long Term Disability
Flexible benefits plan (MoneyPlus) Administered by ASIFlex	• Pretax Group Insurance Premium feature[6] • Medical Spending Account • Limited-use Medical Spending Account • Dependent Care Spending Account • Health Savings Account

South Carolina Public Employee Benefit Authority
Requirements for Participation in the State Insurance Benefits Program

I. DEFINITIONS

1. Entity: Any governmental employer other than a state agency, public school district, or public institution of higher education that is eligible to participate in the State Insurance Benefits Program pursuant to Section 1-11-720(A) of the South Carolina Code of Laws.
2. Participating Entity: An Entity that elects to participate in the State Insurance Benefits Program in accordance with Section 1-11-720(B) of the South Carolina Code of Laws and PEBA's Requirements for Participation in the State Insurance Benefits Program.
3. State Insurance Benefits Program: The State's Group Health Benefits Plan and related programs, as administered by the South Carolina Public Employee Benefit Authority (PEBA), including the self-insured State Health Plan; TRICARE Supplement Plan; Basic Dental; Dental Plus; the State Vision Plan; Basic, Optional and Dependent Life insurance coverages; Basic Long Term Disability Income Benefit Plan; the Supplemental Long Term Disability Income Benefit Plan; and the Flexible Benefits Plan, together with such other coverage and benefit plans as from time to time may be extended to Entities as PEBA deems appropriate.

II. PURPOSE OF THIS DOCUMENT

The purpose of this document is to establish the requirements for participation in the State Insurance Benefits Program by Entities and their employees, retirees, and eligible dependents. The requirements of this document shall govern the relationship between Participating Entities and PEBA. These requirements will remain in effect until altered or rescinded by PEBA.

III. ADMINISTRATION

1. The governing plan of benefits documents and certificates of the State Insurance Benefits Program shall apply to the covered employees, retirees, and dependents of Participating Entities as if incorporated herein verbatim. PEBA may change these documents from time to time without separate revisions to these requirements.
2. PEBA shall determine the insurance benefits programs available to Participating Entities. PEBA is the Plan Administrator, as defined and explained in the relevant plan of benefits documents and certificates, for the State Insurance Benefits Program, and is not a third-party claims processor.
3. PEBA is authorized to implement, interpret, and apply these participation requirements. PEBA's interpretation is final, determinative, and binding.
4. The Participating Entity must offer to its eligible individuals the entire package of benefits in the State Insurance Benefits Program. Individuals may reject all or any part of the benefit package. The Participating Entity and its insurance-eligible individuals agree to adhere to the terms and conditions for participation in the State Insurance Benefits Program. The benefits offered to employees and retirees of Entities shall be the same as those offered to employees and retirees of state agencies and public school districts. A Participating Entity may not incentivize an eligible individual to refuse all or any part of the benefit package.

5. All Participating Entities shall be grouped according to the number of insured for premium rating purposes. PEBA may adjust the premiums based upon the services provided and the claims experience of Participating Entities during the coverage period. The coverage period will coincide with the calendar year.
6. PEBA initially shall charge premiums to the Participating Entity based on the average claims experience of other Participating Entities in the same category. These rates will remain in effect until the new Participating Entity has incurred enough claims to be rated according to the formula used for other Participating Entities in the same category. In addition to the premium charge, PEBA will charge Participating Entities an administrative fee of not less than $3 per employee, retiree, survivor, COBRA participant and former spouse per month.
7. PEBA shall prescribe the eligibility requirements for a Participating Entity's active and retired employees to participate in the State Insurance Benefits Program. All of the terms and conditions of the coverages in the State Insurance Benefits Program that are applied to active and retired employees of state agencies and public school districts to determine eligibility also shall be applied to determine the eligibility of active and retired employees of Participating Entities, including any exclusions and limitations on coverage.
8. Should a Participating Entity's currently insured subscriber be confined in a hospital on the date of transition from the existing group health plan to the State Health Plan, the existing group health plan will continue to be liable for claim payment until the insured patient is discharged. Hospital charges for the patient will remain the liability of the losing group health plan until the patient's discharge; however, physician charges will be assumed by the State Health Plan as of the effective date of coverage transfer.
9. If a Participating Entity's coverage under the state Basic and Supplemental Long Term Disability (LTD) plans replaces prior coverage under a comparable group long-term disability plan in place on the effective date of the state LTD coverage, the Entity's prior coverage may be considered for a waiver of the pre-existing conditions and limitations provisions that apply to new entrants into the state LTD plans.
10. Participating Entities agree to comply with the requirements of the enrollment process. The enrollment process will consist of, but is not limited to: communicating information on the state insurance benefits program to your employees and retirees; enrolling active employees using Employee Benefits Services (EBS), unless not permitted; completing *Employment Verification Record* forms and paper *Notice of Election* forms for retirees; attending training for Participating Entity liaisons and contact persons; and such other components as PEBA shall from time to time establish.

IV. CONDITIONS FOR ENTITY PARTICIPATION IN THE STATE INSURANCE BENEFITS PROGRAM

1. To join the program, an Entity must take the steps set out below.
    A. At least six months prior to the Entity's desired effective date for coverage, the Entity must submit an *Optional Employer Eligibility Determination Request* to PEBA to determine the Entity's eligibility to participate in the program. Upon review of the eligibility request and any

additional requested information, PEBA will make a determination of the Entity's eligibility to participate in the State Insurance Benefits Program.

B. At least 120 days prior to the Entity's desired effective date for coverage, the Entity must submit:

   i. An *Optional Employer Participation Resolution* executed by the Entity's governing body authorizing the Entity to participate in the state insurance benefits program; and

   ii. An advance deposit toward the employer's premiums. Advance deposit amounts for optional employers are separated into three categories:

   - Small employers: $1,000
     Employers with fewer than 100 covered lives.
   - Medium employers: $10,000
     Employers with 100-500 covered lives.
   - Large employers: $100,000
     Employers with more than 500 covered lives.

   The 120-day enrollment period does not begin until PEBA receives the resolution and deposit. Your coverage effective date must be on the first of a month. See Paragraph IV.6.A, Paragraph IV.6.B, and Paragraph IV.7 for more information about the enrollment process.

2. The Participating Entity is responsible for notifying PEBA of any change in the status of its employees that affects coverage for any of the benefits offered under the State Insurance Benefits Program. Determinations regarding such matters as coverage, eligibility, and limitations are made on the basis of information the Participating Entity has supplied. PEBA shall not be responsible for any delays, errors, or omissions due to the failure of a Participating Entity or its employees to supply such information.

3. The Participating Entity shall contribute to its active employees' premiums in at least the same percentage as the State contributes toward the premiums for active employees of state agencies and public school districts. The Participating Entity may elect to contribute a larger percentage towards the premiums for its active employees. The level of the Participating Entity's premium contribution to eligible retirees shall be at the discretion of the Participating Entity, unless otherwise provided by law. PEBA shall bill the Participating Entity for the premiums of active and retired employees, survivors, COBRA participants, dependents, and former spouses in accordance with normal PEBA billing procedures. PEBA reserves the right to cancel coverage for nonpayment upon 30 days' notice to the Participating Entity.

4. The Participating Entity agrees and understands that certain benefits under the State Insurance Benefits Program may have waiting periods and preexisting condition limitations that affect coverage, and that such waiting periods and preexisting limitations will be applied to each employee, retiree, and eligible dependent entering into the State Insurance Benefits Program. (See also the provisions set forth in Paragraph III.9 of this document regarding initial enrollment of an Entity.)

5. PEBA shall determine the Participating Entity's effective date of coverage under the State Insurance Benefits Program, which shall be no fewer than 120 days after PEBA receives the *Optional Employer Participation Resolution* and the Entity's advance deposit. Enrollment in coverage under the State Insurance Benefits Program may be deferred longer than 120 days after receipt of the resolution and deposit if PEBA determines a delay to be administratively necessary, taking into consideration the State Insurance Benefits Program's plan year.

   A. An Entity electing to participate in the State Insurance Benefits Program must do so for at least four years. Thereafter, the Participating Entity may elect to leave the State Insurance Benefits Program but must give 90 days' notice in writing of the decision to opt out. PEBA shall determine the effective date of the termination of coverage, which may be no later than the last day of the Program's plan year. An Entity that participated in the State Insurance Benefits Program and opted out or had its participation terminated may not apply to re-enroll in the Program for four years from the date it left the State Insurance Benefits Program.

   B. PEBA reserves the right to terminate a Participating Entity's participation in the State Insurance Benefits Program, upon 30 days' written notice, for a Participating Entity's failure to comply with these Requirements for Participation.

   C. PEBA assumes no responsibility for any claims arising out of or after the termination of a Participating Entity's participation in the State Insurance Benefits Program, except as may be provided for in the respective coverage's plan of benefits document or certificate. After withdrawal, the Entity shall remain liable for all claims and be responsible for continuing to provide benefits payments, including long term disability claim payments, to its employees who became eligible to receive such benefits, coverage, and payments prior to the Entity's withdrawal.

6. A. The decision to participate in or to voluntarily stop participating in the State Insurance Benefits Program is solely the decision of the individual Entity, made after its independent review of all relevant materials. PEBA will provide information on the State Insurance Benefits Program. Each Entity shall acquaint itself fully with the terms and conditions of the State Insurance Benefits Program and the difference, if any, between its current insurance coverage and the State Insurance Benefits Program.

   Each Entity is responsible for communicating information on the State Insurance Benefits Program to its employees. PEBA is not responsible for any matter arising out of the failure or omission of an Entity or its employees to be fully aware of the terms and conditions of the State Insurance Benefits Program.

   B. Eligible retirees of a Participating Entity may participate in the same benefits offered under the State Insurance Benefits Program as are offered to retirees of state agencies and public school districts. Each Entity is responsible for communicating information on the State Insurance Benefits Program to its retirees. If a Participating Entity elects to stop participating in the State Insurance Benefits Program, the Entity's retirees', COBRA subscribers', survivors', and former spouses' participation in the State Insurance Benefits Program also terminates.

C. A Participating Entity is prohibited from offering to its insurance-eligible individuals an insurance benefit that is also available through the State Insurance Benefits Program, including, but not limited to: a group health, dental, vision, life, accidental death and dismemberment or long term disability insurance plan. A Participating Entity is not prohibited from developing or implementing a separate cafeteria plan for the Participating Entity's employees to provide benefit options not offered under the State Insurance Benefits Program. A Participating Entity that develops or implements a separate cafeteria plan assumes responsibility for complying with all federal laws in the development of said plan and also assumes responsibility for and agrees to pay any damages or costs incurred by PEBA or any administrator working therewith, including but not limited to taxes, penalties, interest, attorneys' fees, or any other liability arising out of or resulting from the Participating Entity having a separate cafeteria plan. Benefits not offered through the State Insurance Benefits Program may not be deducted pretax through the State's flexible benefits plan.

7. The Participating Entity is responsible for ensuring that its insurance-eligible individuals are adequately informed about the terms, conditions, limitations, and exclusions of the State Insurance Benefits Program. Please note that certain benefits offered under the State Insurance Benefits Program have limitations on coverage for pre-existing conditions and exclusions.

V. EMPLOYEE ELIGIBILITY AND PARTICIPATION

Determination of employee, retiree, and dependent eligibility shall be the responsibility of the Participating Entity based on the eligibility requirements set forth in the applicable statute, plan of benefits document, and certificate for each benefit offered under the State Insurance Benefits Program. Final adjudication of eligibility rests solely in the discretion of PEBA. The eligibility requirements for participation in each benefit or coverage are summarized in the *Insurance Benefits Guide* and are set out in detail in each plan of benefits document or certificate.

VI. ENROLLMENT PROCESS

PEBA will determine enrollment periods for employee and retiree participation for all benefits offered under the State Insurance Benefits Program.

VII. ACCEPTANCE OF THE REQUIREMENTS OF PARTICIPATION

By executing an *Optional Employer Participation Resolution*, submitting an advance deposit, and enrolling in participation in the State Insurance Benefits Program, a Participating Entity agrees to comply with these Requirements of Participation.

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