



PEBASM
SC Retirement Systems
and State Health Plan

Optional Employer Handbook

For the State Insurance Benefits Program

2024

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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.

Steps to participation

01

At least six months prior to desired effective date

Learn about the program and request eligibility determination.

02

No fewer than 120 days prior to desired effective date

Decide to join the program.

03

Implement and enroll your employees and retirees.

Questions

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

01

Learn about the program and request eligibility determination

At least 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 might be impacted if your entity joins the state insurance benefits program. You should also consider the current and historical cost of the program, as well as your funding structure for employees and retirees. More information about the program is available in the [Benefits Administrator Manual](#) and [Insurance Benefits Guide](#).

Our Employer Services department is also available to answer questions from the employer about the benefits and requirements of the program.

02

Decide to join the program

No fewer than 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 no fewer than 120 days before the date you want your coverage to take effect. In addition to the resolution, your entity must also remit an advance deposit toward your premiums no fewer than 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 implementation period does not begin until PEBA receives the resolution and deposit. Upon receipt and approval of your resolution and deposit, PEBA may adjust your requested coverage effective date. The coverage effective date must be on the first of a month, and PEBA will confirm your coverage effective date with you prior to beginning implementation.

Be sure to make a copy of your resolution and keep it with this handbook for your reference.

03

Implement and enroll your employees and retirees

- An Employer Services representative will contact you to confirm the effective date for your coverage under the state insurance benefits program and to discuss your implementation.
- This includes the education and enrollment of your employees and retirees. You, as the employer, are responsible for communicating information and providing education about the state insurance benefits program to your employees and retirees. PEBA's publications, including the *Insurance Summary* and *Insurance Orientation & Education*, provide details about each benefit. Please note that you may not edit or alter PEBA's publications in any way.
- Employer Services will work with you to complete the required implementation steps. These steps guide a new employer toward a successful implementation. See the Recommendations for implementation on Page 10 for more details. This includes 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. Employees must make [enrollment elections online](#) unless a *Notice of Election* is required. More information about the enrollment process is available in the [Benefits Administrator Manual](#).
- To enroll retirees, complete an [Employment Verification Record](#) and *Retiree Notice of Election*.
- PEBA also offers online training for your benefits administrator(s). Presentations and videos are available at peba.sc.gov/insurance-training.

PEBA determines your eligibility

As a general matter, the state, its public higher education institutions and public school districts 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 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.

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

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, MoneyPlus tax-favored spending accounts and Health Savings 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. The employer may not incentivize an eligible individual to refuse all or any part of the benefits package. See Page 14 for more details.

Below is a high-level overview of the benefits offered. More details about each benefit are available in the [Insurance Summary](#) and [Insurance Benefits Guide](#). The current monthly premiums are available at peba.sc.gov/monthly-premiums. Visit peba.sc.gov/insurance-training for presentations and videos.

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](#), as well as in presentations and videos at peba.sc.gov/insurance-training.

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 peba.sc.gov/health-and-wellness.

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.

Tobacco-use premium

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 they cover uses tobacco or e-cigarettes, or covered individuals who use tobacco or e-cigarettes have completed the Quit For Life[®] nicotine cessation program.

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 ages 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 voluntary. 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 voluntary. 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 they become 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 and 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 feature allows an eligible employee's health, including the tobacco-use premium, dental, vision and Optional Life (for coverage up to \$50,000) premiums to be deducted pretax from their 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. 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. Employees can use this account to pay for dental and vision care only, 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 on tax-filing status. The maximum contribution for highly compensated employees is set each year, too. 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.

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. Individuals must stop contributing to a competing product upon the effective date of an employer joining the state insurance benefits program. 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.

New plan year information

Each year the state budget act contains several provisions that may affect the employee benefit plans administered by PEBA, such as benefit design, subscriber health premiums and employer contributions. PEBA provides details to participating employers via email and *PEBA Update*, our weekly e-newsletter to employers. New plan year information and rates are available online in August and September.

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 23-26. 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 This includes training, education, 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 communicate with Employer Services, actively participate in the implementation and review the training materials for benefits administrators. If the designated benefits administrator is not present at the optional employer, you must also designate a contact at the employer. Presentations and videos are available at peba.sc.gov/insurance-training. See the Recommendations for implementation on Page 10.

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.

¹Benefits 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.

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

Recommendations for implementation

Each optional employer that joins the state insurance benefits program is responsible for learning about and 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. Employees must make [enrollment elections online](#) unless an *Active Notice of Election* is required. The employer must use a *Retiree Notice of Election* to enroll retirees. More information about the enrollment process is available in the [Benefits Administrator Manual](#). Below are other recommendations for a successful implementation:

- Assign a project manager to manage the transition to the state insurance benefits program. Having dedicated staff and resources during the implementation period and first three months of coverage are critical for a successful transition.
- Continue reviewing the state insurance benefits program. Meet regularly with Employer Services to address any questions throughout the implementation.
- Review required operational procedures in the [Benefits Administrator Manual](#). Complete your EBS training with Employer Services.
- Maintain a complete roster of eligible employees and retirees that includes contact information. Employer Services will assist you with the initial enrollment file for EBS, formatting and resolving any errors. This required file identifies anyone who may already be covered as a dependent on PEBA's coverage and check for any special situations that require *Notice of Election* forms.
- Ensure employees and retirees receive information about available benefits and online resources. PEBA's publications, including the *Insurance Summary* and *Insurance Orientation & Education*, provide details about each benefit. Please note that you may not edit or alter PEBA's publications in any way. Your employees can email newgroup@peba.sc.gov if they have questions about PEBA benefits. Employees with questions about the transition from previous benefits will be directed to the employer.
- Inform employees and retirees that they must provide [supporting documents](#) and required information to enroll dependents.
- Regularly compare your eligible participant list to enrollments throughout the enrollment process.
- Review and clear enrollment rejections in EBS promptly throughout the process.

The implementation period (120 days prior to effective date) requires extensive research and training. A successful implementation is dependent upon the employer's understanding of the requirements for participation, the level of engagement and involvement in the training process, and the communication and education to employees and retirees. Employer Services designates a representative for the implementation period, as well as through the first three months of coverage. After that time, Customer Service will be the first point of contact for assistance.

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). COBRA training is available at peba.sc.gov/insurance-training.

Initial enrollment

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.

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

If a retiree covered under PEBA's retiree group insurance returns to active employment in an insurance-eligible position, they cannot remain on retiree coverage, but must enroll in active group employee benefits or refuse all coverage. There is one exception to this rule: retirees who are not eligible for Medicare and who retired from an employer that does not participate in the state's Retiree Health Insurance Trust Fund can remain on retiree coverage if they return to work in an insurance-eligible position.

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.

Third-party enrollers

An employer may retain the services of a third-party enroller (TPE) to conduct or assist in conducting enrollment activities. A TPE is not a vendor of, contractor for or agent of PEBA. A TPE will not advertise or otherwise hold itself out to be a PEBA vendor, contractor, agent or any other entity authorized to act on behalf of PEBA. Responsibility for errors, omissions or other actions by a TPE lies with the contracting employer and not PEBA. Any issues, questions or concerns of a TPE will be routed to the contracting employer and not PEBA. At the employer's request and with written permission from the employer, individual employees of a TPE may gain access to EBS. A [Memorandum of Understanding, EBS Confidentiality Agreement](#) and [TPE Designated Employee Confidentiality Agreement](#) are required for each individual.

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 during open enrollment only 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](#).

Reports

Optional employers have access to daily, weekly and monthly reports in EBS to assist in the administration of insurance benefits. It is important for your Human Resources, Payroll and IT departments to be aware of these reports to plan how best to use the reports and available data prior to your effective date of coverage. Integration of any PEBA data is not available in our current system. The available data for employers is available through the EBS reports only. Learn more about the available reports in the [Benefits Administrator Manual](#).

Benefits Administrator Manual

This important resource outlines the rules, regulations, policies and procedures of PEBA, including how to administer the insurance benefits PEBA offers. We strongly encourage optional employers to review the manual prior to and throughout your implementation, and then discuss any questions or concerns with Employer Services.

PEBA:Connect

PEBA is developing a new benefits administration system, called PEBA:Connect. Our goal is to configure a user-friendly and valuable system for employers, members and PEBA. When we deploy the system, participating employers will experience significant changes in administering PEBA benefits. Additionally, for a time period (to be determined) PEBA will not be able to accept new employers because of the system deployment. Learn more at peba.sc.gov/peba-connect.

Adoption Assistance Program

Eligible state employees can receive financial assistance to help pay some expenses when adopting a child. Assistance is limited to the amount of funds authorized each year for the program. More information about the program is available at peba.sc.gov/adoption-assistance.

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 them 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, they begin 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 their hours from the first of the month after the date of hire through the end of the initial measurement period (12 months)

to determine if they averaged more than 30 hours a week. If the employee is determined at the end of their initial measurement period to be eligible for benefits, coverage will start the first calendar day after the end of their 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, they cannot remain on retiree coverage, but must enroll in active group employee benefits or refuse all PEBA-sponsored coverage. There is one exception to this rule: retirees who are not eligible for Medicare and who retired from an employer that does not participate in the state's Retiree Health Insurance Trust Fund can remain on retiree coverage if they return to work in an insurance-eligible position.

If the retiree is Medicare-eligible and elects active health coverage under the state insurance benefits program, the state health coverage will be primary, paying claims before Medicare. The retiree must complete and submit the [Other Health/Dental Coverage Questionnaire](#) to BlueCross. If a Medicare-eligible retiree refuses all PEBA-sponsored health 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 health coverage under the state insurance benefits program.

If a retiree returns to active employment but not in an insurance-eligible position, they may remain on retiree coverage. A return-to-work retiree's employment cannot be used to reach eligibility for PEBA's retiree group insurance or to increase any funding available from the Retiree Health Insurance Trust Fund.

Former spouse coverage

A former spouse must have their 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. PEBA bills former spouses directly for their coverage.

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 can 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.

Disabilities and Special Needs Boards are grouped into a separate category.

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 subscriber 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%. You must adjust the premiums in the [Insurance Benefits Guide](#) using the load factor for your employer size. Use the [monthly premium worksheet for optional employers](#) to communicate your premiums to employees. For questions about how to apply load factors to premiums, please email employerservices@peba.sc.gov.

How to apply load factor to premiums

Below are examples of how to apply a load factor to subscriber premiums and employer contributions. The load factor is applied to both the employer and subscriber shares of the health premium. Multiply the subscriber premium or employer contribution by the load factor to calculate the new premium.

Subscriber premium	\$97.68
Percent increase	4%
Load factor	1.04

Employer contribution	\$477.00
Percent increase	4%
Load factor	1.04

\$97.68	×	1.04	=	\$101.59	+	\$0.01	=	\$101.60
Subscriber premium		Load factor		Calculation		Rounding		New subscriber premium

\$477.00	×	1.04	=	\$496.08	+	\$0.00	=	\$496.08
Employer contribution		Load factor		Calculation		Rounding		New employer contribution

Rounding of premiums

If the new premium calculation is even, this is the monthly premium. If the new premium calculation is odd, add \$0.01 to determine monthly premium.

Levels of coverage

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. An employer is prohibited from contributing financially toward or otherwise offering insurance products outside of PEBA sponsored coverage. 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
Health Savings Account	✓		

²Some benefits are subject to conversion or continuation at retirement.

³The MoneyPlus Medical Spending Account is available to COBRA participants, subject to limitations.

Required minimum 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, plus any experience rating load factor applied to the employer share of the health premium. Optional employers must also remit a \$3 monthly administrative fee for each employee, retiree, survivor and COBRA subscriber enrolled in health or dental. The current year's employer contributions (base amount)⁴ are available at peba.sc.gov/monthly-premiums.

⁴Premiums are subject to change each calendar year.

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 required minimum amounts, which include the experience rated load factor for health premiums, for insurance-eligible employees. The [active employee premiums](#) for health and dental coverage are based on the employer making the minimum contributions. An optional employer that is considering paying more than the required minimum employer contribution toward eligible employees' premiums should first make sure it can afford to do so. See Page 19 for more details.

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 to reflect the lower amount your employees pay. Note that you cannot, however, edit PEBA's publications to reflect your updated premiums; you can use the [monthly premium worksheet for optional employers](#) to communicate your group's premiums to subscribers.

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. An optional employer that is considering funding retiree premiums should first make sure it can afford to do so. See Page 19 for more details.

If your optional employer wants to make contributions, you must develop your own premium tables by adjusting the [non-funded retiree premiums](#), plus any experience rating load factor applied to the health premium, 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 monthly administrative fee cannot be passed on to active employees. An optional employer may, however, require retirees and survivors to pay this fee. The fee may not be charged to COBRA participants.

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 with one week's notice.

Advance deposit

Optional employers must remit an advance deposit before the 120-day implementation period begins. The implementation 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 insurance and Basic Long Term Disability for active subscribers, as determined by PEBA enrollment files for July.

Frequently asked questions

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.

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.

Does PEBA have an employee assistance program?

No.

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. An employer is prohibited from contributing financially toward or otherwise offering insurance products outside of PEBA sponsored coverage. 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.

Does an employer participating with PEBA have to notify and offer benefits to retirees?

Yes. During implementation, optional employers must identify and notify retired employees of the insurance coverage available through PEBA. Retired employees must complete and submit the *Employment Verification Record* to PEBA to determine eligibility.

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.

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.

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.

Disabilities and Special Needs Boards are grouped into a separate category.

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 subscriber shares of the health premium. The [load factors](#) are available online and are capped at 50%.

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.
- Disabilities and Special Needs Boards: rated together according to the Disabilities and Special Needs Boards aggregate 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% based on their claims experience and weighted at 50% based on the aggregate for all medium employers.
- Large employers: weighted at 100% of their own individual entity's claims experience.
- Disabilities and Special Needs Boards always receive the aggregate load factor for Disabilities and Special Needs Boards.

What will optional employers' load factors be for this year?

The [load factors](#) are available online and are capped at 50%. Employer Services will provide detailed information about premiums, including your load factor, during implementation.

Does experience rating apply to other plans offered through PEBA?

No. Experience rating applies only to the employer and subscriber shares of State Health Plan premiums.

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 required 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 nonpayment.

Before increasing or reducing employer contributions (but no less than the required minimum employer contribution), 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 required minimum 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 contributions⁵ are available at peba.sc.gov/monthly-premiums.
- PEBA does not require optional employers to contribute any amount toward retiree premiums. View the non-funded retiree premiums at peba.sc.gov/monthly-premiums. You must apply the experience rating load factor to retiree premiums, too.

We encourage optional employers to provide advanced notification of premiums to active employees and retirees.

⁵Premiums are subject to change each year.

Can an employer provide stipends to eligible employees and retirees who refuse PEBA coverage?

An employer is prohibited from providing any incentive (including, but not limited to, other benefit options, financial contributions, or stipends) to eligible subscribers for declining some or all of the coverages or coverage levels offered through PEBA.

What are the rules for terminating employees?

Employers should submit terminations in EBS immediately. All changes in employment or special eligibility situations resulting in a termination of coverage must be processed within 31 days. If a termination is received more than 31 days from the date of loss of eligibility, PEBA will cancel coverage the first of the month after the date of receipt. Learn more in the Terminations section of the [Benefits Administrator Manual](#).

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 contributions⁶ are available at peba.sc.gov/monthly-premiums. 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 to reflect the lower amount its employees pay. Note that you cannot, however, edit PEBA's publications to reflect your updated premiums; you can use the [monthly premium worksheet for optional employers](#) to communicate your group's premiums to subscribers.

⁶Premiums are subject to change each year.

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. 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 contributions⁷ are available at peba.sc.gov/monthly-premiums.

⁷Premiums are subject to change each year.

Will the employer be responsible for paying for Basic Life insurance 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 insurance and Basic Long Term Disability. No Basic Life insurance or Basic Long Term Disability coverage will be provided to an employee if they do not enroll in a health plan. The current year's employer contributions⁸ are available at peba.sc.gov/monthly-premiums.

⁸Premiums are subject to change each year.

Are there other costs for an employer?

Yes. Optional employers must pay a \$3 monthly administrative fee for each employee, retiree, survivor and COBRA participant enrolled in health or dental. Employers cannot pass this fee to active employees and COBRA participants. An employer may require retirees and survivors only to pay this fee.

Does it cost extra for employers or employees to use PEBA's health programs?

There is no additional cost to the employer for PEBA's health programs, including the work site preventive screening; 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](#).

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 no fewer than 120 days before your desired coverage effective date. In addition to the resolution, your entity must also remit an advance deposit toward your premiums no fewer than 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 implementation period does not begin until PEBA receives the resolution and deposit.

Step 3: Upon receipt and approval of your resolution and deposit, PEBA may adjust your requested coverage effective date. The coverage effective date must be on the first of a month, and PEBA will confirm your coverage effective date with you prior to beginning implementation. An Employer Services representative will contact you to confirm the effective date for your coverage under the state insurance benefits program and discuss implementation.

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.⁹ An employer is prohibited from contributing financially toward or otherwise offering insurance products outside of PEBA sponsored coverage.

Benefit type	PEBA's insurance product(s)
Health <i>Administered by BlueCross BlueShield of South Carolina and GEA TRICARE</i>	<ul style="list-style-type: none"> State Health Plan TRICARE Supplement Plan
Prescription <i>Administered by Express Scripts</i>	<ul style="list-style-type: none"> State Health Plan
Dental <i>Administered by BlueCross BlueShield of South Carolina</i>	<ul style="list-style-type: none"> Basic Dental
Dental supplement <i>Administered by BlueCross BlueShield of South Carolina</i>	<ul style="list-style-type: none"> Dental Plus
Vision <i>Administered by EyeMed</i>	<ul style="list-style-type: none"> State Vision Plan
Term life insurance <i>Administered by MetLife</i>	<ul style="list-style-type: none"> Basic Life insurance with Accidental Death and Dismemberment Optional Life insurance with Accidental Death and Dismemberment Dependent Life-Spouse insurance with Accidental Death and Dismemberment Dependent Life-Child insurance
Long term disability <i>Administered by The Standard</i>	<ul style="list-style-type: none"> Basic Long Term Disability Supplemental Long Term Disability
Flexible benefits plan (MoneyPlus) <i>Administered by ASIFlex</i>	<ul style="list-style-type: none"> Pretax Group Insurance Premium feature⁹ Medical Spending Account Limited-use Medical Spending Account Dependent Care Spending Account
Health Savings Account <i>Administered by ASIFlex/HSA Central</i>	<ul style="list-style-type: none"> Health Savings Account

⁹Only PEBA products may be offered through PEBA's cafeteria plan.

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. An employer is prohibited from contributing financially toward or otherwise offering insurance products outside of PEBA sponsored coverage.
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 and COBRA participant 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 implementation and enrollment process. This 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 *Notice of Election* forms for retirees; reviewing training materials and resources 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. No fewer than 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 implementation period does not begin until PEBA receives and approves the resolution and deposit. PEBA may adjust your requested coverage effective date, which 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 and dependents 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 and approves the *Optional Employer Participation Resolution* and the Entity's advance deposit. The coverage effective date under the State Insurance Benefits Program may be deferred longer than 120 days 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. PEBA is not responsible for any matter arising out of the failure or omission of an Entity or its retirees to be fully aware of the terms and conditions of the State Insurance Benefits Program. 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. Individuals must stop contributing to a competing product upon the effective date of an employer joining the state insurance benefits program. 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. IMPLEMENTATION AND ENROLLMENT PROCESS

PEBA will determine the implementation period and steps required for participation in the State Insurance Benefits Program. PEBA will also determine the 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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PEBASM
SC Retirement Systems
and State Health Plan

South Carolina Public Employee Benefit Authority

Serving those who serve South Carolina

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SCPEBA 082023 | Expires 12312024
Data classification: public information

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