



## County of Santa Clara

Policy Name: Health Insurance Coverage Policy for Non-Coded Employees

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**Policy Type:** Administrative

**Category:** Personnel

**Policy Name:** Health Insurance Coverage Policy for Non-Coded Employees

**Policy Owner:** Employee Services Agency

### **Policy Purpose**

The County of Santa Clara's policy is to comply with the Patient Protection and Affordable Care Act, commonly called the Affordable Care Act (ACA), which was enacted in March 2010. The ACA requires all large employers, including the County, to offer affordable health insurance coverage that meets minimum value standards to employees who meet certain eligibility requirements. This policy does not supersede any labor agreements or County ordinance code sections that provide more favorable health insurance coverage benefits.

Effective: July 1, 2015

### **Policy Summary**

*Annual Eligibility Determination for Existing Employees' Health Insurance Coverage.* Once a year, during the month of April, the County will perform an analysis of all County employees (including extra help and dependent contractors) to determine whether they meet the ACA definition of a "full-time" employee during the County's "annual measurement period." Any employee who meets the ACA definition and is not eligible to receive affordable health insurance coverage through County labor agreement or ordinance will be entitled to elect Valley Health Plan (VHP) Preferred (Limited) Network coverage and provided notice to elect coverage within



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30 days of the date of the notice. The employee's eligibility for such coverage will extend for the duration of the County's "annual stability period" or until the employee terminates employment. Future eligibility will be based upon the employee continuing to meet the ACA definition of "full-time" in future annual measurement period analyses.

*Eligibility Determination for New Hires.* Any newly hired County employee or dependent contractor who is reasonably expected to work on average 30 or more hours per week and who is not eligible to receive affordable health insurance coverage through County labor agreement or ordinance, will be offered VHP Preferred Network coverage within 90 days of date of hire. If elected by the employee, coverage will begin in the pay period that contains the 91st day from the employee's date of hire, and the employee's eligibility will extend for the duration of the County's "annual stability period" or until the employee terminates employment. Continued eligibility past the end of the County's current "annual stability period" will be assessed during the County's next "annual measurement period."

A separate initial measurement period will be implemented for newly hired employees for whom the department does not reasonably know the number of hours that will be worked per week (also known as variable hour employees). The measurement period will begin on the employee's date of hire and will end after one year. If during this time, the employee has averaged 30 or more hours per week, the employee will be provided notice to elect coverage within 30 days of the date of the notice. If elected by the employee, coverage will be provided immediately and will extend for a one-year stability period, provided the employee remains employed and continues to pay his/her portion of the premium cost. After this initial measurement period, the employee will be assessed during the County's next "annual measurement period."



*Health Insurance Coverage.* Eligible employees who qualify under this policy but are not offered other health insurance coverage under a County labor agreement or ordinance will be offered the VHP Preferred (Limited) Network option. The Preferred Network option will include Santa Clara Valley Medical Center, Valley Health Centers, Community Clinics, Independent Practice, and Santa Clara County Individual Practice Association (SCCIPA) but will exclude all other networks, including Palo Alto Medical Foundation.

*Premium Sharing.* In fiscal year 2016, employees eligible for health insurance coverage will be responsible for paying \$63.17 per pay period toward the cost of employee only coverage with the County paying the balance of the employee only premium cost. The employee contribution may be adjusted annually to ensure that it meets the affordability guidelines of the ACA. If the employee elects coverage for his/her eligible dependents, the employee will be responsible for the full premium cost for any dependent coverage. In any pay period where the employee has not worked enough hours for the employee's contribution to be deducted from his/her paycheck, the employee will be required to pay the employee's contribution in order to avoid cancellation of coverage.

### **Procedures**

- 1) The **Employee Services Agency** shall measure the average employee work hours between April 1 and March 31 of the following year ("annual measurement period"), or as required by the Affordable Care Act (ACA), to determine eligibility for health insurance coverage.
- 2) The **Employee Services Agency**, upon completion of the "annual measurement period," shall offer health insurance coverage to eligible employees during the "annual administrative period."



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- 3) The **Employee** shall respond to the County's notice by making an election to enroll or decline health insurance coverage within 30 days of the County's offer of health insurance coverage.
- 4) The **County** shall pay the premium for employee only coverage less the employee's required contribution amount. The required employee contribution may be reset each year in order to maintain the County's compliance with the affordability guidelines of the ACA.
- 5) The **Employee** shall pay any additional premium cost for any dependent coverage elected.
- 6) The **Department** shall accurately reflect on the Electronic Personnel Action Request (EPAR) the Full-Time Equivalent (FTE) for any newly hired extra help employee or dependent contractor.
- 7) The **Department** shall enroll any newly hired eligible employees expected to work 30 or more hours per week and who elect health insurance coverage after 90 days of the date of hire.

### Definitions

For the purposes of this policy, the following definitions apply:

- 1) "**Administrative Period**," means the 3-month period following the measurement period during which eligible employees and dependent contractors will be offered health insurance coverage and any elections will be processed.
- 2) "**Affordable coverage**," under the ACA, means health insurance coverage for which the employee's contribution for employee only coverage does not exceed 9.5% of the employee's household income. The IRS provides three



“Safe Harbor” calculation methods to determine if the employee’s contribution is affordable. The County has decided to utilize the “Rate of Pay Safe Harbor” as defined under the IRS guidelines to set the employee contribution for the cost of health insurance coverage. Under this method, the monthly employee only coverage cost for health insurance must be less than or equal to 9.5% of an employee’s hourly wage multiplied by 130 hours.

- 3) **“Employee,”** for the purposes of this policy, does not include the following:
  - a) An employee covered by a valid collective bargaining agreement that provides affordable health insurance coverage provisions for the employee; or
  - b) An employee who works less than 30 hours per week on average.
- 4) **“Full-Time,”** under the ACA, means any individual employed on average at least 30 hours per week.
- 5) **“Measurement Period,”** means the annual period beginning April 1 and extending through March 31 each year. Data from this period of time will be analyzed to determine the employees and dependent contractors who are eligible for health insurance coverage based on the average number of hours worked per week.
- 6) **“Minimum value,”** means medical benefits that provide at least 60% actuarial value. All County medical plans provide minimum value.
- 7) **“Stability Period,”** means the one-year period, beginning the pay period that contains July 1, during which an employee determined eligible for health insurance coverage under this policy will be covered under the VHP Preferred Network option. Coverage is dependent on the employee



electing such coverage during the “administrative period,” remaining employed and paying any required employee contributions. Enrolled employees and dependent contractors will continue to receive coverage, even if work hours are reduced during the stability period. Coverage ends upon termination of employment or at the end of the current stability period if the employee fails to requalify for coverage.

**Frequently Asked Questions**

None.

**Related Policies**

- Sick Leave Policy for Non-Coded Employees - <https://saecommon.sccgov.org/countypolicy/Sick-Leave-Policy-for-Non-Coded-Employees.pdf>

**Related Forms and Information**

None.

**Revision History**

Date	Changes Made
7/30/2015	Policy Uploaded. (Kyle Larson)
7/1/2015	Effective date of policy.