

Chapter 3



*Separation,
FMLA, and Loss
of Eligibility*

Higher Education and Medical Only

Separation, FMLA, and Loss of Eligibility

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Termination

When an employee is terminating employment, the employee should be advised of the following:

- **Higher Education:** The employee's medical and dental will end on the last day of the month in which the employee is in pay status eight or more hours or if affected by rescission, the termination date entered in the insurance system, whichever is later. (Refer to [Policy 19-1, Addendum 19-1A](#) for termination dates due to loss of eligibility before ending coverage in the PAY1 insurance system).

Basic life insurance will terminate the earliest of the last day of the month in which the employee is eligible for the employer contribution. Supplemental life insurance will terminate the earliest of the last day of the month in which employee premiums were withheld.

Basic long-term disability (LTD) ends automatically on the earliest of the date the employee loses eligibility for the employer contribution. Optional LTD ends automatically on the earliest of the date the last period ends for which a premium contribution was made.

Participation in the Medical Flexible Spending Arrangement (FSA) or Dependent Care Assistance Program (DCAP) ends the last day of the month the employee makes the required contribution through payroll deduction. The employee may submit reimbursement requests through March 31 of the following year for expenses incurred on or before the termination date. (*The Medical FSA/DCAP is for state agency and higher education institution employees only.*)

Medical Only: The employee's medical benefits will end the last day of the month in which the employee is in pay status eight or more hours or if affected by rescission, the termination date entered in the insurance system, whichever is later. (Refer to [Policy 19-1, Addendum 19-1A](#) for termination dates due to loss of eligibility).

- When the employee is terminated in the insurance system, PEBB will send a *Continuation of Coverage Election Notice*. If enrolling, the subscriber must submit the COBRA enrollment form no later than **60 days** after the postmark date on the *Continuation of Coverage Election Notice*.
- The employee and their dependents may elect a different medical and dental plan when they enroll in COBRA or PEBB continuation of coverage.
- The employee may continue any combination of medical and dental on a self-pay basis for up to 18 months.

- The employee may choose to apply to continue their life insurance through Portability (individual term life) or Conversion (individual whole life policy) within 31 days of employer-sponsored benefits ending.
- **Higher Education:** If the employee or a covered dependent dies within 31 days of the employee's termination date, life insurance benefits will be paid.
- **Higher Education:** If the spouse or registered domestic partner of the terminating employee is also enrolled in PEBB benefits, the employee may transfer any in-force employee supplemental to the spouse or registered domestic partner's spouse supplemental life insurance. The amount may not exceed one-half of the spouse's total of employee supplemental coverage. In addition, any spouse supplemental coverage the terminating employee has in force may be transferred to the spouse or registered domestic partner's employee supplemental, up to the allowable maximum. The transfer must be completed no later than 31 days after the termination date.

Insurance system updates:

- In the insurance system, change eligibility code, enter the termination date, and the termination reason code.
- Untimely keying of terminations can affect employee options and employer financial responsibility. Refer to [Policy 19-1, Addendum 19-1A](#) for termination date.

Reminders:

- Employees who terminate owe a full month's premium for their benefits. Make certain you deduct the correct premium amount from the employee's last paycheck.

Layoff

When an employee is laid off due to the employer's lack of funds or an organizational change, the employee should be advised of the following:

- **Higher Education:** The employee's medical and dental will end on the last day of the month in which the employee is in pay status eight or more hours, or if affected by rescission, the termination date entered in the insurance system, whichever is later. (*Refer to [Policy 19-1, Addendum 19-1A](#) for termination dates due to loss of eligibility.*)

Basic life insurance will terminate the earliest of the last day of the month in which the employee is eligible for the employer contribution. Supplemental life insurance will terminate the earliest of the last day of the month in which employee premiums were withheld.

Basic long-term disability (LTD) ends automatically on the earliest of the date the employee loses eligibility for the employer contribution. Optional LTD ends automatically on the earliest of the date the last period ends for which a premium contribution was made.

Participation in the Medical Flexible Spending Arrangement (FSA) or Dependent Care Assistance Program (DCAP) ends the last day of the month the employee makes the required contribution through payroll deduction. The employee may submit reimbursement requests through March 31 of the following year for expenses incurred on or before the termination date. (*The Medical FSA/DCAP is for state agency and higher education institution employees only.*)

Medical Only: The employee's medical benefits will end the last day of the month in which the employee is in pay status eight or more hours or if affected by rescission, the termination date entered in the insurance system, whichever is later.

- PEBB will send a *Continuation of Coverage Election Notice* to the employee. If enrolling, the employee must enroll in Leave without Pay coverage no later than **60 days** after the postmark date on the *Continuation of Coverage Election Notice*.
- The employee may select a different medical and dental plan when they enroll in Leave Without Pay (LWOP) coverage.
- **Higher Education:** Employees may continue any combination of medical, dental, and life insurance that was in place on the day before the layoff on a self-pay basis for up to 29 months.

Medical Only: Employees may continue any medical coverage that was in place on the day before the layoff on a self-pay basis for up to 29 months.

- If the employee returns to any position (eligible or ineligible) within 24 months, the employee is not required to re-establish eligibility. The employee will retain eligibility for the employer contribution for each month the employee is in pay status at least eight hours. It is the employee's responsibility to notify the employer of eligibility for PEBB benefits under WAC 182-12-129.
- After the 24th month (from the original layoff date), the employee must re-establish eligibility under WAC 182-12-114.

Insurance system updates:

- In the insurance system, change eligibility code, enter the layoff date, and the layoff reason code.

Reminders:

- Employees who terminate owe a full month's premium for their benefits. Make certain you deduct the correct premium amount from the employee's last paycheck.

Report Eligibility Status When the Employee is on Self-Pay

Notify the PEBB Program immediately if the employee:

- Returns to work in an eligible position
- Terminates or resigns
- Files for disability retirement
- Receives final decision on an appeal

Procedure

1. Contact HCA through [FUZE](#) to terminate the employee's self-pay coverage on the last day of the month prior to the return-to-work date. HCA will reimburse the employee any overpayment of self-pay premiums.
2. Re-enroll the employee in the insurance system. The effective date would be the first of the month the employee returns to work.

Agencies that do not have access to the insurance system should forward the enrollment form to HCA for keying into the insurance system. PEBB coverage begins the first of the month in which the employee is in pay status for at least eight hours.

Leave Without Pay (LWOP)

If the employee will maintain their eligibility for the employer contribution while on LWOP, leave the employee enrolled in the PAY1 insurance system for each month in which they are in pay status eight or more hours per month.

If the employee does **not** maintain their eligibility for the employer contribution while on LWOP, advise the employee of the following:

1. The employee's medical and dental will end on the last day of the month in which the employee is in pay status eight or more hours, or if affected by rescission, the termination date entered in the insurance system, whichever is later. (*Refer to [Policy 19-1, Addendum 19-1A](#) for termination dates due to loss of eligibility before ending coverage in the PAY1 insurance system.*)

2. **Higher Education:** Basic life insurance will terminate the earliest of the last day of the month in which the employee is eligible for the employer contribution. Supplemental life insurance will terminate the earliest of the last day of the month in which employee premiums were withheld.

Basic long-term disability (LTD) ends automatically on the earliest of the date the employee loses eligibility for the employer contribution. Optional LTD ends automatically on the earliest of the date the last period ends for which a premium contribution was made.

Participation in the Medical Flexible Spending Arrangement (FSA) or Dependent Care Assistance Program (DCAP) ends the last day of the month the employee makes the required contribution through payroll deduction. The employee may submit reimbursement requests through March 31 of the following year for expenses incurred on or before the termination date.

3. When the employee is terminated in the insurance system, PEBB will send a *Continuation of Coverage Election Notice*. If enrolling, the subscriber must submit the *LWOP Election/Change* form no later than **60 days** after the postmark date on the *Continuation of Coverage Election Notice*.
4. **Higher Education:** The employee may continue any combination of medical, dental, life insurance, and LTD insurance (higher education only) on a self-pay basis for up to 29 months. (Only employees on approved educational leave or military leave are eligible to self-pay LTD while on LWOP).
5. **Medical Only:** Employees may continue any medical coverage on a self-pay basis for up to 29 months.
6. **Higher Education:** An employee may continue their Medical FSA contributions on a post-tax basis or stop contributions while on approved leave. An employee can resume the pre-tax contribution upon their return to work. The employee must contact Navia Benefit Solutions for more information.

Insurance system updates:

- In the insurance system, change eligibility code, enter the termination date, and the termination reason code.
- Untimely keying of terminations can affect employee options and employer financial responsibility. Refer to [Policy 19-1, Addendum 19-1A](#) for termination date.

Reminders:

Employees who terminate owe a full month's premium for their benefits. Make certain you deduct the correct premium amount from the employee's last paycheck.

Family Medical Leave Act (FMLA)

Procedure

1. Advise employees of their requirement to pay their medical plan premium.
2. **Higher Education:** Advise employees that if they choose to keep supplemental life and optional LTD coverage in force during the FMLA period, they are responsible for paying the premium. If they choose to discontinue supplemental life and optional LTD coverage during the FMLA period:
 - a. This coverage will not be in effect until the employee returns from FMLA leave with at least eight hours of pay status.
 - b. Evidence of insurability and carrier approval is not required to re-enroll in the same life or LTD coverage upon return from FMLA leave.
3. Make arrangements to collect any employee premiums during FMLA. Refer to the premium payment plan (IRC Section 125) payroll rules for procedures for handling delinquent premium payments during FMLA.

Reminders

- All coverage should remain in the insurance system.
- When collecting optional LTD coverage, the **premium should be based on the last month in which the employee was in full pay status prior to the employee going on FMLA leave.**
- If the employee does not return at the end of the FMLA period, update the insurance system immediately so the employee will receive a *Continuation of Coverage Election Notice* from PEBB.
- **Higher Education:** If the employee does not return at the end of the FMLA period, they must continue supplemental life insurance coverage under the LWOP continuation provision in order to reinstate their coverage without providing evidence of insurability upon returning to work as an active employee.

Terminating an Employee

The following procedure includes termination of employment, death of employee, authorized LWOP, layoff due to a lack of funds or an organizational change, retirement, loss of eligibility, and employer group left PEBB coverage

1. Log into the PAY1 system.
2. Access the employee's record.
3. On the command line, enter A.41 in the Next Function screen. Enter "U" in the Type field. Select Enter. The A.41 screen displays in update mode.
4. Tab to the Eligibility Code field. Enter "N."
5. Enter the effective date of termination. (Refer to [Policy 19-1, Addendum 19-1A](#) for termination dates due to loss of eligibility.)
6. Enter the Termination code in the Eligibility Reason field. Valid codes include:

Eligibility Reason for Termination:	
31	Employment ending/ineligible position
32	Termination—gross misconduct
33	Approved LWOP
34	Layoff
35	Death
36	Retirement
37	Employer group left (HCA only)
38	Applying for disability retirement
39	Voluntary termination of coverage (HCA only)
42	Divorce/dissolution
44	Defer retiree coverage (HCA only)
46	Non-payment (HCA only)

7. If termination is due to death (Reason code 35), enter the date of death in the Deceased Date field. **Note:** *This date is required when reason code 35 Death is entered.*
8. On the command line, enter A.41 in the Next Function Field. Enter "I" in the Type field. Select F10 to update. Verify the changes are accepted. **Note:** *Employees who terminate, decess, or retire owe a full month's premium for their medical, life, and LTD. Remember to deduct the full premium from their last paycheck.*

Current changes and changes retroactive to the Lower Limit Date will be updated immediately. Future date changes will move to the Pending fields until the future effective date equals the current process period.

Terminating Ineligible Spouse/Partner

Divorce, Dissolution of Partnership, or Death

Use [Policy 19-1, Addendum 19-1A](#) to determine the effective date of termination.

Keying divorce, dissolution of the partnership, or death and the loss of eligibility date is WITHIN lower limit date:

1. Log into the PAY1 system.
2. Access the employee's record.
3. On the command line, enter A.41 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.41 screen displays in Update mode.
4. Tab to the Marital Status field. Change the status to "S" (single).
5. Tab to the Spouse/Partner Divorce/Dissolution/Deceased Date field. Enter the divorce date or date of death.
6. Tab to the Term Reason field. Enter a reason code. Valid codes are:

35 Spouse/Partner Death

42 Spouse/Partner Divorced/Dissolution

7. On the command line, enter A.41 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify the changes are accepted.

If you entered Reason code 42, the following prompt will display: Employee notified you within 60 days of loss of eligibility? (Y/N)." (This is 60 days from the end of the month in which the event occurred.) Enter a "Y."

*This will automatically terminate the health/dental coverage on the A.43 screen, effective the end of the month in which the divorce, dissolution or death occurred. Reason code **42 Divorce or Dissolution** will disappear from the A.41 screen and display on the A.43 screen in the Reason field where coverage will term.*

Current changes and changes made retroactive back to the Lower Limit Date will be updated immediately. Future date changes will move to the pending fields until the future effective date equals the current process period.

Changes made with an effective date prior to the Lower Limit Date require PEBB approval and must be submitted in writing for review. **Do not** proceed with changes using an incorrect effective date. On the command line, enter A.41 in the Next Function field. Enter "I" in the Type field. Select F4 to cancel.

*Keying the divorce, dissolution of the partnership, or death
OUTSIDE the lower limit date:*

1. Log into the PAY1 system.
2. Access the employee's record.
3. On the command line, enter A.43 in the Next Function field. Enter "U" in the Type field. Select Enter. If there is more than one dependent the A.42 screen will display, if there is only one dependent, the A.43 screen will display.
4. If the A.42 screen displays, enter a "U" next to the dependent to be removed from coverage. Select Enter. The A.43 screen will display for that dependent.
5. Tab to the Health Effective Date field, if enrolled. Enter the effective date of the termination of coverage. (Refer to [Policy 19-1, Addendum 19-1A](#) for termination dates due to loss of eligibility.)
6. Tab to the Term Reason field. Enter a reason code. Valid codes are:

35 Spouse/Partner Death

42 Spouse/Partner Divorced/Dissolution

7. Repeat steps for Dental coverage, if enrolled.
8. On the command line, enter A.43 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify the changes are accepted.

Note: If you entered Reason code 42, the following prompt will display: Employee notified you within 60 days of loss of eligibility? (Y/N)." (This is 60 days from the end of the month in which the event occurred.) Note: Enter an "N."

This will automatically terminate the health/dental coverage on the A.43 screen, effective the end of the month in which the divorce, dissolution or death occurred. Reason code 42 Divorce or Dissolution will disappear from the A.41 screen and display on the A.43 screen in the Reason field where coverage will term.

9. Contact HCA through [FUZE](#) indicating the correct divorce/dissolution date to be entered on the A.41 screen. HCA will update the A.41 screen.

Terminating Ineligible Dependent

Loss of Eligibility

Note: Submit terminations for dependents with disabilities and extended dependents to PEBB for processing.

Refer to [Policy 19-1, Addendum 19-1A](#) for termination dates due to loss of eligibility.

1. Log into the PAY1 system.
2. Access the employee's record.

3. On the command line, enter A.42 in the Next Function field. Enter "I" in the Type field. Select Enter. If there is more than one dependent, the A.42 screen will display. If there is only one dependent, the A.43 screen will display.
4. If the A.42 screen displays, enter a "U" next to the dependent to be removed from coverage. Select Enter. The A.43 screen will display for that dependent.
5. Tab to the Current Enrolled Health field. Enter an "N."
6. Enter the date the coverage is to be terminated in the Effective Date field. (*Refer to [Policy 19-1, Addendum 19-1A](#) for termination dates due to loss of eligibility.*)
7. Enter code **41** (Dependent Loses Eligibility) in the Reason field.
8. **Higher Education:** Enter an "N" in the Dental field.
9. **Higher Education:** Enter the date the coverage is to be terminated in the Effective Date field. See step #6 above to determine the effective date of termination.
10. **Higher Education:** Enter code **41** (Dependent Loses Eligibility) in the Reason field.
11. On the command line, enter A.43 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify the changes are accepted.

If you entered Reason code 41, the following prompt will display: Employee notified you within 60 days of loss of eligibility? (Y/N)." (This is 60 days from the end of the month in which the event occurred.) Current changes and changes retroactive back to the Lower Limit Date will be updated immediately. Future date changes will move to the Pending fields until the future effective date equals the current process period.

Changes made with an effective date prior to the Lower Limit Date require HCA approval and must be submitted in writing for review. **Do not** proceed with changes using an incorrect effective date. On the command line, enter A.41 in the Next Function field. Enter "I" in the Type field. Select F4 to cancel. Notify HCA through [FUZE](#).

Reinstatement

- Employees regain eligibility for the employer contribution when they return to work from approved LWOP, approved educational leave, layoff, time-loss benefits under workers' compensation, and active military duty with eight or more hours of pay status in a month.
- Seasonal employees who work less than nine months regain eligibility for the employer contribution when they return for the next season with at least eight hours of pay status in a month.

- Faculty returning after a break in coverage regain eligibility for the employer contribution when they return for a quarter/semester at half-time or more no later than the 12th month.

Higher Education: When an employee loses and later regains eligibility for the employer contribution for insurance coverage, the employee must complete and return the *Employee/Enrollment Change* form and *Life Insurance Enrollment/Change* form **no later than 31 days** after the date he/she regains eligibility. If the forms are not received within 31 days, the employee must be defaulted to Uniform Medical Plan Classic, Uniform Dental Plan, basic life, and basic LTD insurance as a single subscriber (no dependents will be enrolled). In addition, the employee will incur the tobacco use premium surcharge.

Medical Only: If the employee fails to submit their *Employee Enrollment/Change* form for Medical Only Groups **no later than 31 days** after the date he/she regains eligibility, they will be defaulted to Uniform Medical Plan Classic and Uniform Dental Plan as a single subscriber (no dependents will be enrolled). In addition, the employee will incur the tobacco use premium surcharge.

Regaining eligibility for the employer contribution also triggers a special open enrollment event. The employee has **60 days** from the date he/she regains eligibility to make allowable changes to medical and dental (Policy 45-2, Addendum 45-2A).

Note: The 60 days for the special open enrollment event begins the same day the 31-day period begins, which gives the employee an additional 29 days (60 days total) to make changes to medical and dental. Changes made after the initial 31-day period are effective the first of the month following the day the employer receives the form. If the form is received on the first day of the month, the changes are effective that day.

Medical/Dental: Refer to [Policy 45-2, Addendum 45-2A](#) for guidance on changes employees may make when they regain eligibility for the employer contribution for benefits. Employees who choose to make allowable changes must submit an *Employee Enrollment/Change* form no later than **60 days** after the date the employee returns to work with eight or more hours of pay status per month.

If the employee does not submit the form within their first **31 days** of gaining eligibility, they are defaulted (see above). However, employees who are defaulted have an additional 29 days (60 days total, which begins the same day as the 31-day period) to submit the form (including tobacco use attestation) and enroll themselves and/or eligible dependents in PEBB coverage. Plan changes and tobacco use

attestation are effective the first of the month following receipt of the form.

Medical Only: The above rules apply if employee fails to timely submit their *Employee Enrollment/Change* form for Medical Only Groups.

Life Insurance: Higher Education: The employee is enrolled in basic coverage and the amount of supplemental life insurance that was self-paid. The employee must submit a *Life Insurance Enrollment/Change* form no later than **31 days** after the date the employee regains eligibility for the employer contribution—even if the employee is not making changes to the amount of life insurance.

If the employee does not submit the form within 31 days of gaining eligibility, they are defaulted to basic life and must submit an *Evidence of Insurability* form for carrier approval for any supplemental coverage.

LTD Insurance: Higher Education:

Most employees who leave work on approved leave (and not using eight hours of pay status (5% of full-time for faculty) to maintain their benefits) are not eligible to continue LTD while on leave. However, there are two exceptions:

- Employees on approved educational leave
- Employees called to active military duty (USERRA leave)

These employees are eligible to continue their LTD insurance while on leave. If they do not self-pay coverage while on leave, they will be required to submit an *Evidence of Insurability* form for carrier approval in order to reinstate their optional LTD coverage upon return.

All other employees, including employees who self-paid their LTD coverage (if eligible) are enrolled in the same waiting period they had prior to leave, effective first of the month in which the employee has at least eight hours of pay status.

Reinstatement after Layoff

These instructions are for reinstatements of an employee returning from layoff within 24 months of their original layoff date.

1. Log into the PAY1 system.
2. Access the employee's record.

3. On the command line, enter A.41 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.41 screen displays in Update mode.
4. Tab to the Eligibility Code field and change the "N" to a "Y" or "X."
5. Enter the effective date in the Eligibility Effective Date field. The effective date is the first of the month in which the employee has eight or more hours of pay status.
6. Enter code **04** (Return from work from layoff) into the Eligibility Reason field. Valid Reason codes include:
7. On the command line, enter A.41 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify changes are accepted.

Note: When an employee regains eligibility for the employer contribution for benefits, the A.44 screen will default to "Z" for the medical plan and "9" for the dental plan for all plans when a "Y" or "X" is entered on the A.41 screen.

8. On the command line, enter A.44 in the Next Function field. Enter "U" in the Type field. Select Enter. Screen A.44 displays in Update mode.
9. If the employee is enrolling in medical, go to the next step. If the employee is waiving medical, change the "Y" or "X" to a "D" in the Subscriber Enrolled field.
10. Enter the effective date in the Health Change Date field. The effective date is the first of the month in which the employee has eight or more hours of pay status.
11. If the employee is enrolling in medical, leave the Reason field blank. If the employee is waiving medical, enter reason code **40** (Employee Waives).
12. If the employee changed their tobacco use premium surcharge attestation, enter the new attestation.
13. **Higher Education:** To re-enroll the employee in dental coverage, tab to the Dental Change Date field. Enter the effective date, which is the first of the month in which the employee has eight or more hours of pay status.
14. **Higher Education:** If the employee has selected a different dental carrier, enter the code in the Dental Carrier field.
15. On the command line, enter A.44 on the Next Function field. Enter "I" in the Type field. Select F10 and update. Verify the changes are accepted.

Current changes and changes retroactive to the Lower Limit Date will be updated immediately. The new carrier codes will show in the current carrier fields. Future date changes will move to the New Health Carrier and New Dental Carrier fields with the effective date in the New Effective Date field until the future effective date equals the current process period.

Changes made with an effective date prior to the Lower Limit Date require HCA approval. Submit the request to HCA, in writing, for review. **Do not** proceed

with changes using an incorrect effective date. On the command line, enter A.44 in the Next Function field. Enter "I" in the Type field. Select F4 to cancel.

Reinstatement after LWOP

1. Log into the PAY1 system.
2. Access the employee's record.
3. On the command line, enter A.41 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.41 screen displays in Update mode.
4. Tab to the Eligibility Code field and change the "N" to a "Y."
5. Enter the effective date in the Eligibility Effective Date field. The effective date will be the first of the month the employee returns to work.
6. Tab to the Eligibility Reason field and enter code 05 (Return to work from LWOP).
7. On the command line, enter A.41 I the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify changes were accepted.

Note: When an employee regains eligibility for the employer contribution for benefits, the A.44 screen will default to "Z" for the medical plan and "9" for the dental plan for all plans when a "Y" or "X" is entered on the A.41 screen.

8. On the command line, enter A.44 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.44 screen displays in Update mode.
9. Enter the effective date in the Health Change Date field. The effective date is the first of the month the employee returns to work.
10. If the employee has selected a different health care carrier, enter the code in the Health Carrier field.
11. If the employee has changed their tobacco use premium surcharge attestation, enter the new attestation.
12. **Higher Education:** To re-enroll the employee in dental coverage, tab to the Dental Change Date field and enter the effective date, which is the first of the month the employee returns to work.
13. **Higher Education:** If the employee has selected a different dental carrier, enter the code in the Dental Carrier field.
14. On the command line, enter A.44 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify changes are accepted.

Current changes and changes retroactive to the Lower Limit Date will be updated immediately. The new carrier codes will show in the Current Carrier fields. Future date changes will move to the New Health Carrier and New Dental Carrier fields with the effective date in the New Effective Date field until the

future effective date equals the current process period.

Changes made with an effective date prior to the Lower Limit Date require HCA approval. Submit the request to HCA, in writing, for review. **Do not** proceed with changes using an incorrect effective date. On the command line, enter A.44 in the Next Function field. Enter “I” in the Type field. Select F4 to cancel. Notify HCA through [FUZE](#).

Transfers

Losing Agency

1. Send the employee file (includes enrollment forms) to the gaining agency.
2. Log into the PAY1 system.
3. Access the subscriber’s record.
4. On the command line, enter A.41 in the Next Function field. Enter “U” in the Type field. Select Enter. The A.41 screen displays in Update mode.
5. **Higher Education:** Tab to the Transfer Reason field and enter code **401** (only if employee is transferring to another higher education institution or state agency. If the employee is transferring to a PEBB-participating employer group, retirement, self-pay, or COBRA, terminate employee, effective the last day of the month in which the employee is transferring). *Note: When a transfer occurs at any time prior to the end of the month, the losing agency is responsible for paying the state share for the entire month.*
6. **Higher Education:** Enter the effective date in the Transfer Effective Date field. The effective date is the last day of the month in which the employee is transferring.
7. **Medical Only:** Terminate employee, effective the last day of the month in which the employee is transferring). *Note: When a transfer occurs at any time prior to the end of the month, the losing agency is responsible for paying the state share for the entire month.*
8. On the command line, enter A.41 in the Next Function field. Enter “I” in the Type field. Select F10 to update. Verify changes are accepted.
9. Notify the gaining agency the transfer has been completed in PAY1. View the [Agency Contact List](#) to determine who to contact at the subscriber’s new agency or higher education institution.

Gaining Agency

1. Log into the PAY1 system.
2. Access the employee's record.
3. On the command line, enter A.41 in the Next Function field. Enter "U" in the Type field. Select Enter. The A.41 screen displays in Update mode.
4. If the employee has not been transferred out of the losing agency, notify the agency that the transfer needs to be completed in PAY1. View the [Agency Contact List](#) to determine who to contact at the employee's agency or higher education institution.
5. Enter the code in the Home Agency field. If applicable, enter the new Home Sub Agency code.
6. **Higher Education:** In the Transfer Reason field, enter code **201**. Only transfer the employee if the losing agency entered code **401**. If there is no code in the Transfer Reason field, enroll the employee as a new hire, but keep them enrolled in the same coverage according to the employee's enrollment forms from the losing agency.
7. **Higher Education:** Enter the effective date in the Transfer Effective Date field. The transfer date should be the first day of the month following the transfer.
Note: Do not update any other fields at this time. Additional changes require a separate transaction.
8. **Medical Only:** Enroll the employee as a new hire, but keep them enrolled in the same coverage according to the employee's enrollment forms from the losing agency.
9. On the command line, enter A.41 in the Next Function field. Enter "I" in the Type field. Select F10 to update. Verify changes are accepted.

Transferring Life Insurance (Higher Education Only)

When both spouses or domestic partners are covered PEBB employees and one employee terminates coverage, any in-force employee supplemental coverage can be transferred to the spouse's/partner's spouse supplemental coverage. Likewise, any in-force spouse supplemental coverage can be transferred to the other's employee supplemental coverage.

- Spouse A's spouse supplemental can be transferred to Spouse B's employee supplemental, up to \$750,000 (maximum allowed for employee supplemental).
- Spouse A's employee supplemental can be transferred to Spouse B's spouse supplemental, not to exceed ½ of the total employee supplemental.

Calculating Life Insurance Transfer

Terminated Spouse A (Employee)

Spouse Supp = \$50,000

Employee Supp = \$250,000

Spouse B (Employee)

Spouse Supp = \$50,000

Employee Supp = \$250,000

-
- \$50K + \$250K = \$300K employee supplemental
 - \$250K + \$50K = \$300K spouse supplemental
 - Spouse supplemental cannot exceed ½ of employee supplemental
 - \$150K maximum allowed for Spouse B's total spouse supplemental (\$300K ÷ 2 = \$150K)
 - Spouse B can only receive \$100K from Spouse A's employee supplemental (\$100K from Spouse A + \$50K from Spouse B = \$150K)
 - New amount for Spouse B after transfer:
 - \$300K employee supplemental
 - \$150K spouse supplemental

Only the amount of terminated life coverage can be transferred no later than **31 days** after the date of termination. Any transfer of coverage must be immediate and without lapse in coverage. Spouse basic can be added without approval if spouse coverage is being transferred.

If the terminated employee cannot transfer all of the coverage to their spouse/partner's account due to plan maximums, the terminated employee and their dependents may keep the remaining basic and/or supplemental coverage by applying for the Portability Choice Life coverage or by converting the life insurance no later than 31 days after termination. (If the termination is due to retirement, the employee may also be eligible for Retiree Life Insurance.) The employee's application for Portability Choice is subject to carrier approval. See the [Life Insurance Administration Manual](#) for more information.

Life Insurance Transfer Process

1. Before or after termination, notify the employee of the opportunity to transfer their life insurance (if applicable) within 31 days of their termination date. Gather the employee's spouse's/partner's name, social security number, and agency/sub agency number.

2. Send a FUZE to PEBB Outreach and Training to confirm the spouse's basic and supplemental coverage. In your request, include the name, social security number, and agency/sub agency number for the spouse.
3. Look up the employee in PAY1. Note the amount of coverage in each part.
4. Calculate the amount of coverage that may be transferred.
5. Coordinate with spouse's agency, higher education institution, or PEBB-participating employer group regarding the transfer of life insurance.