Voluntary Separation Incentive Program

HCA Information and Guidance for State Agencies

Overview

- OFM guidelines include one scenario wherein the incentive funds could be deposited with HCA and used to pay future health premiums.
- Employees may contact HCA at 1-800-200-1004 for information.

Insurance Options

- Eligibility determines which plans the individual may choose:
  - Employees who resign, but don’t retire:
    - May be eligible to choose (COBRA) to continue PEBB medical and/or dental coverage if application and eligibility rules are met.
    - Duration of coverage is 18 months for COBRA coverage when the qualifying event is resignation.
    - The employee pays the full cost of coverage monthly for coverage that is continued.
  - Employees who resign and retire:
    - May be eligible to choose Retiree Coverage to continue PEBB medical and/or dental coverage if application and eligibility rules are met (see WAC 182-12-171).
    - The retiree pays the cost of coverage monthly for coverage that is continued.
    - Retiree rules apply (e.g., enrollment may be deferred).

HCA Account Management

- HCA will accept funds only from the subscriber to be deposited into their PAY1 account as a credit. HCA will not accept a JV from the employer.
- Monthly premium payments will be made out of the account until it is exhausted.
- If the subscriber is eligible for retiree coverage but defers coverage (e.g., to go on another working employee’s employer-sponsored coverage as a dependent), the credit will sit in the PAY1 account.

Premium Rates

- Premium rates are determined by eligibility (e.g., Medicare, non-Medicare, COBRA).
- Subscribers who retire may be eligible for Medicare or non-Medicare rates.
- Subscribers who aren’t eligible to retire pay the COBRA rate as long as they remain eligible for COBRA.
Q&As

1. Will the state provide employer contribution in paying the premium?
   Response: There is no direct employer contribution toward the premium payment. For persons who retire and are Medicare eligible, there is a built-in state subsidy (reflected in the rate charts) that reduces the subscriber’s premium payment.

2. What premium rates will apply?
   Response: For persons who retire, the retiree rates apply—either Medicare for persons enrolled in Medicare or the non-Medicare rates. For persons who resign but aren’t eligible to retire, COBRA rates will apply.

3. Is there any interest earned on funds credited to a person’s HCA account?
   Response: No.

4. What are the tax implications of funds deposited into the HCA account?
   Response: Taxes must be paid on the funds deposited into the HCA account for future premium payments.