

## Medical Plan Contingency Fund for Workers' Compensation

### Background

This supplement describes the Medical Plan Contingency Fund, which may be used to assist employees from all campus, medical center, and lab locations by supplementing the cost of continuing medical insurance during an extended workers' compensation unpaid leave of absence.

In 1963, The Regents approved the "Health Plan Contingency Reserve Fund" to meet contingencies arising out of the operation of the University's group health insurance program, including payment of the cost of coverage for employees who have been disabled while in University employment and are receiving workers' compensation payments.

### Eligibility

To be eligible to receive reimbursement for the cost of medical plan coverage for employees for a particular month, the University location must certify all of the following:

- The employee whose medical plan is being continued is receiving temporary disability (TD) payments under workers' compensation in connection with University employment. (Employees who remain on unpaid leave of absence while receiving vocational rehabilitation maintenance allowance (VRMA) payments or permanent disability (PD) payments are not eligible for continuation of the University contribution towards coverage of the medical plans. They may be eligible for continuation of insurance by direct-paying their premiums if they qualify under standard UC continuation rules.)
- The employee whose medical plan is being continued has exhausted all salary, sick leave, or extended sick leave payments from which a premium can be paid. (Use of all accrued vacation leave is not required, nor is use of sick leave earned while on extended sick leave since it may not be used until return to work. The employee may also be receiving benefits under the Voluntary Disability Plan.)
- The employee whose medical plan is being continued is not separated and continues in employment status with UC on a leave of absence for at least one day of that month.
- The employee whose medical plan is being continued has maintained continuous medical plan coverage prior to becoming eligible.
- Premiums for the employee whose medical plan is being continued have been transmitted on the monthly, active enrollment file for the month(s) of coverage requested.

Note: Employees who experience a COBRA qualifying event (such as a leave without pay) must be kept advised of their rights under COBRA. The COBRA continuation coverage period includes, and is not in addition to, any continuation provisions under UC's Group Insurance Regulations, such as continuation during workers' compensation temporary disability via the Medical Plan Contingency Fund.

Eligibility for continuation of medical plan premiums by UC does not preclude other employment actions by the University.

### Location Procedures

Once an Eligible Employee's paid leave has ended (extended sick leave runs out) and the Eligible Employee is placed on leave without pay, Medical Plans may be continued without the need for the Eligible Employee to pay the Employee Premium. An Eligible Employee whose Medical Plan is being

continued during workers' compensation temporary disability will remain enrolled in Direct Pay. UCPATH will pay the premiums, and then UCPATH's finance department will run their internal process to initiate reimbursement to UCPATH out of the Health Contingency Fund account.

Employees who continue coverage during the unpaid leave of absence via Direct Pay are billed in advance per UC's Group Insurance Regulations (Section 1008.C. and Section P1008.C). If the location issues a retroactive adjustment to reverse or add enrollment to the Health Contingency Fund, there may be a refund owed to the employee or a collection of past-owed premiums (UC Contribution) will be implemented.

**Example 1:**

Location knows in July that individual will be entitled to continuation of medical insurance, funded by the Medical Plan Contingency Fund, for August. Location submits Workers' Compensation Health Contingency Fund Leave of Absence transaction via Extended Absence Administration page and selects the Contingency Fund Flag. UCPATH will assess employee record and determine if there is a refund owed to employee based on effective date of Health Contingency Fund.

**Example 2:**

Location does not find out until August that individual was entitled to continuation of Medical Plan, funded by the Medical Plan Contingency Fund, for July, as well as for August. Location submits Workers' Compensation Health Contingency Fund Leave of Absence transaction via Extended Absence Administration page and selects the Contingency Fund Flag. UCPATH will assess employee record and determine if there is a refund owed to employee based on effective date of Health Contingency Fund.

**Example 3:**

Location assumes in July that individual will be entitled to continuation of Medical Plan, funded by the Medical Plan Contingency Fund, for August. Location submits Workers' Compensation Health Contingency Fund Leave of Absence transaction via Extended Absence Administration page and selects the Contingency Fund Flag. Location discovers that individual was no longer receiving workers' compensation TD and was not eligible. Location reverses the transaction submitted via Extended Absence Administration page and notifies employee of end of coverage. UCPATH assesses employee record and determines if a collection of past owed premiums should be implemented.

Employees who remain on approved leave once their workers' compensation TD ends may still be eligible to continue medical plan coverage for up to a total of two years (including prior periods of paid leave [i.e. sick leave and extended sick leave], FMLA, disability, and medical contingency); however, they must pay 100% of the gross premium.

**Example 4:**

Location finds out in September that individual was not eligible for continuation of medical insurance, funded by the Medical Plan Contingency Fund, because the employee's temporary disability ended May 1. Location reverses the transaction submitted via Extended Absence page that enrolled employee in Health Contingency Fund. This will trigger employee to be retroactively enrolled in benefits billing. UCPATH assesses employee record and determines if a collection of past-owed premiums should be implemented. The location would be responsible for the inaccurate contribution towards the medical plan; any employee contributions may be collected for the months of coverage that are not reimbursed through the Fund if the employee is allowed to continue coverage.

Employees who remain on approved leave once their workers' compensation TD ends may still be eligible to continue medical plan coverage for up to a total of two years (including prior periods of paid leave [i.e. sick leave and extended sick leave], FMLA, disability, and medical contingency); however, they must pay 100% of the gross premium.