




STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF ADMINISTRATION

TO: Agency Directors and Human Resource Administrators

FROM: Richard A. Licht, Director
Department of Administration 

DATE: June 10, 2014

SUBJECT: Employees on Leave Without Pay - Termination of Health Benefits
Coverage for Failure to Pay Co-Shares

Employees who elect to continue their health benefits coverage when they go on leave without pay are required to pay their co-shares promptly. In the event that such an employee does not fulfill his/her payment obligation, with proper notice his/her health benefits coverage will be terminated. This policy memo provides background information and procedural guidelines for personnel administrators working in this area.

When a State employee goes on leave without pay (LWOP), the State offers such employee an opportunity to continue health benefit plan coverage (health/pharmacy/dental/vision) upon payment of the required co-shares. Under the program's intended parameters, co-shares are to be billed directly to the LWOP employee, and upon a failure by the LWOP employee to make the required co-shares, his/her health benefit plan coverage is to be terminated. However, over a course of years, inconsistent practices have developed among the State's departments and agencies. Chief among them, for purposes of this policy memo, is the allowance of LWOP employees to continue receiving health benefit plan coverage despite non-payment of the required co-shares.

Such approach substantially increases the current costs of the health benefit plan coverage to the State and its contributing employees. Further, if the LWOP employee does not return to work, the health benefit plan absorbs these costs, thereby increasing State and employee contributions, with the only recourse being the pursuit of recoupment through litigation.

The State is obligated to tighten its fiscal controls over the health benefit plan in order to lessen both overall health care related costs and the burden on its contributing employees. Therefore, the State's policy requiring LWOP employees to make timely co-share payments for continued coverage must be reinforced by solid procedural guidelines.

To that end, effective immediately, if an employee elects to continue receiving health benefits plan coverage while on LWOP, the employee's personnel administrator shall issue a continuation notice explaining the co-share payment requirement. Such notice shall advise LWOP employees of the requirement for regular co-share payments by the due date provided in their bills. If the LWOP employee does not tender the required co-share payments, then the personnel administrator immediately shall issue a delinquency notice.

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The delinquency notice shall advise the non-contributing LWOP employee of his/her responsibility to remit payment in order to maintain health benefit plan coverage. The notice shall inform the delinquent LWOP employee that if payment is not received within three (3) calendar days of the delinquency notice then coverage shall be terminated. Upon a failure to receive payment, the personnel administrator shall issue a termination notice stating that coverage shall terminate on a date certain set as thirty (30) calendar days from the date of the termination notice. The termination notice serves as the last chance for delinquent LWOP employees, effectively giving them an additional thirty (30) calendar days to make the required payment.

With regard to current LWOP employees receiving health benefits, a notice shall be sent which informs them that the State's policy has changed, that co-share payments must be current, and that, unless a prior arrangement exists, they will need to reimburse the State for any arrearage. With regard to payment plans for arrearages, all relevant factors will be considered to reach an equitable result; but, any failure to make timely current payments or abide by the terms of any payment plan will result in termination. If a payment plan is not agreed to or adhered to, the State will pursue collection of monies owed.

Please note that any returning LWOP employee whose health benefits were terminated for non-payment of co-shares may re-enroll during the State's open enrollment period. The open re-enrollment period is generally identified as mid-May through mid-June of each calendar year. Of course, such employee could also explore alternate sources of coverage such as Rhode Island's health benefits exchange (HealthSourceRI).

The State is pleased to offer continuing health care coverage to LWOP employees. However, neither it nor its contributing employees is in a position to continue to subsidize LWOP employees. LWOP employees cannot continue to receive health benefit plan coverage unless they contribute toward it, as all State employees are required to do.

The mandate is that LWOP employees make regular and timely co-share payments during the entire term of their absence from the workplace.

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