

DHRM TOTAL COMPENSATION BULLETIN

Compensation and Benefits Information for State Employees FY 2013

Effective Date: June 23, 2012

Contents

- Legislative Language
- General Salary Updates
- Retirement Changes
- Medical and Dental Insurance Changes
- HRE and Fiscal Year End Information

Legislative Language

H.B. 9

- Provides funding equivalent to a 1% salary increase for certain state agency and higher education employees;
- Provides funding equivalent to the projected retirement cost increase for certain state agency employees; and
- Adjusts funding for other benefit cost changes for certain state agency employees (OPEB and other termination pool adjustments).

H.B. 46

- Requires all PEHP members to participate in the electronic exchange of clinical health records via the Clinical Health Information Exchange (cHIE) unless the member opts out.

H.B.437

- Establishes an affirmative enrollment period for employees to either select their current health insurance plan or choose another option.
- Requires PEHP to provide training on HDHP plans including coordination of benefits, restrictions, and tax implications before the end of the 2012 open enrollment period.
- Requires all State employees receiving benefits to take health plan option training again this year.
- Requires PEHP to coordinate annual open enrollment with DHRM.
- Employer contribution into the HSA will be deposited half in July 2012 and half in January 2013.
- COBRA coverage under the HDHP plan can be continued if the employee has had the HDHP plan for at least 4 years before the termination date.

H.J.R.21

- Premiums for health insurance for FY 2013 will stay the same as FY2012.
- Increases in medical insurance costs will be funded through one-time funding from the reserve account.
- Preventive health services received at a contracted provider will be covered at 100% on all State plans.
- Advantage and Summit Care will stay at a 90/10 premium split.
- Advantage and Summit Care will have a change in co-insurance from a 90/10 split to an 80/20 split.
- PEHP has created a new plan option called Utah Basic Plus that covers limited services and pays at 70/30 co-insurance.

- PEHP will explore options for sliding premiums/deductibles based on wellness.
- Dental premiums will change to a 90/10 premium split. Traditional plans will see a reduction in premium amounts, while the preferred plan will see a slight increase.

General Salary Updates

- The legislature provided funding equivalent to a 1% salary increase for certain state employees. (See the bulleted section below to see which employees are eligible.)
- The 1% salary increase will be given as a General Increase to employees who meet certain eligibility criteria. A general increase functions similar to a COLA; however no adjustments will be made to salary ranges. (See the bulleted section below to see which employees are eligible.)
- Certain employees who are at the maximum of the salary range or in longevity will receive a one-time bonus equivalent to the calculation of a 1% yearly salary increase. The calculation will be based on 2080 hours. Part-time employees will be pro-rated and the methodology is still being determined.
- DHRM will work closely with the Division of Finance to provide employees who receive a one-time bonus with information on how taxes will be applied, and will provide options for utilizing pre-tax plans, etc.
- Employees who are less than 1% away from the maximum of the salary range will receive an increase to take them to the maximum of the salary range and the difference will be given in the form of a one-time bonus, for a total increase equal to 1%.
- Eligibility for the 1% increase and/or the one-time bonus are as follows:
 - Schedule B – All employees eligible
 - Schedule AA – Not eligible
 - Schedule AB – All employees eligible
 - Schedule AC – All employees eligible
 - Schedule AD – All employees eligible
 - Schedule AG – All employees eligible
 - Schedule AH – Educators not eligible; all others eligible
 - Schedule AN – Legislative branch will determine eligibility
 - Schedule AO – Judicial branch will determine eligibility
 - Schedule AP – Not eligible
 - Schedule AQ – Not eligible
 - Schedule AR – All employees eligible
 - Schedule AS – All employees eligible
 - Schedule AT – All employees eligible
 - Schedule AU – Not eligible
 - Schedule AW – All employees eligible
 - Schedule IN – Benefitted employees eligible; non-benefitted employees not eligible
 - Schedule TL – Benefitted employees eligible; non-benefitted employees not eligible

- Cost-of-Living Adjustments

Cost-of Living Adjustments (COLA's) were not approved for FY2013.

- Market Comparability Adjustments

Market Comparability Adjustments (MCA's) were not approved for FY2013. No salary ranges will be adjusted.

- Merit Increases

Merit increases were not approved for FY2013.

- Discretionary Pay
Discretionary pay was not approved for FY2013.

The legislature funded the full increased cost of retirement benefits, the termination pools, the Other Post Employment Benefit pool (OPEB), and un-employment insurance.

One-time funds were used to keep premium costs unchanged at 90% employer/10% employee.

Incentive Awards Rule Change

H.B. 251

This bill allows for the continuation of awarding incentive awards for market-based reasons and added a provision that agencies must submit a request and justification to DHRM for approval prior to the award being given.

- We are working on a process for the market-based bonuses and a new policy approval checklist; more information to be coming soon.
- Please have your agencies begin reviewing their current incentive award policies for modifications for FY 2013.
- Policy submission information and deadlines will be sent out by Joel Chibota in the early part of May.

Retirement Changes

H.B. 256

- Positions which are eligible for opt out options are now the same for Tier I and Tier II, in the public employee regular system and the Public Safety system.
- Employees exempting from Tier I are exempting from the pension system entirely and will receive 401(k) contributions instead.
- Employees in Tier II who choose the DC option can opt to exempt from the 4 year vesting requirement. Employees who choose the Hybrid option cannot exempt from the 4 year vesting requirement.
- The URS Board will come up with provisions to allow employees who are in eligible positions in the Tier II system and were hired between July 1, 2011, and May 8, 2012, to also have the same option for exemption.
- There will be 2 new retirement codes for employees in Tier II who select DC and choose to exempt from the vesting.
 - *600 – DC Opt Out Tier II*
 - *601 - PS DC Opt Out Tier II*

Medical and Dental Insurance Changes

- This year health insurance increases were reduced through benefit plan design changes and the remainder of the increase was funded from the PEHP reserve account.
- Health care premiums for FY2013 will stay the same as they were in FY 2012. The premium split for the traditional plans will remain 90/10. The premium split for the STAR Plan Advantage and Summit Care will remain 100/0. The Preferred Plan will continue to have a 73/27 premium split.

- There is a co-insurance change for the traditional Advantage, Summit and Preferred care plans. The co-insurance will go from 90/10 split to 80/20 split. The STAR Plan already has a co-insurance split of 80/20.
- Preventive services received at a contracted provider will be covered 100% on all State plans.
- Out-of-network emergency room copays will now be the same as the in-network copay. However, out-of-network providers may balance bill the employee after PEHP has paid its portion of the claim.
- A new swing option began on January 1, 2012. The Traditional and STAR plans will cover out-of-network eligible expenses at 60% of PEHP's maximum allowable fee.
- Preferred care benefits structure will now be the exact same as the Summit and Advantage benefits structure. It will no longer cover acupuncture services and limits on mental health inpatient days and outpatient visits will be removed.
- The State of Utah now offers a new, essential benefit plan called Utah Basic Plus. Employees may not enroll in this plan unless they are currently enrolled in the STAR plan. Employees who do choose this plan for FY 2013 cannot switch from this plan to a traditional plan at next year's open enrollment; they can only elect to move back to the STAR plan. STAR plan employees can move to either a Traditional plan or the Utah Basic Plus plan.
- The Utah Basic Plus Plan is a catastrophic plan and it pays at 70% coinsurance on limited, covered benefits. The plan covers only basic medical and pharmacy benefits; it does not cover many of the benefits covered by the other two plans.
- Employer HSA contributions will be given to all members of the STAR Plan in semi-annual lump sums; one in July and one in January. The State's HSA contribution for the STAR Plan will be \$750.00 single plan, \$1500.00 double and family plan.
- Employees on the Utah Basic Plus plan will receive a state paid HSA contribution also, in semi-annual lump sums; one in July and one in January. The State's HSA contribution for the Utah Basic Plus Plan will be \$1,725.00 single plan, \$3,450.00 double and family plan.
- Dental premiums on PEHP Traditional Dental and PEHP Preferred choice will change to a 90/10 premium split. Each plan will be restructured.
- Employee bi-weekly premiums for PEHP Traditional Dental in FY2013 change to: Single coverage \$4.07; Two party coverage \$5.17; Family coverage \$7.49.
- Employee bi-weekly premiums for PEHP Preferred Choice Dental in FY2013 change to: Single coverage \$2.24; Two party coverage \$2.85; Family coverage \$4.13.
- Rates for Regence Expressions Dental plans increased for FY2013. Employee bi-weekly premiums for Single coverage \$1.59; Two party coverage \$11.67; Family coverage \$17.13.

Benefits Enrollment for New Hires and Newly Benefitted Employees

- New hires or other employees who move from a non-benefitted to a benefitted status on or after July 1, 2012, will still have 60 days to enroll in medical insurance.
- The first 30 days the employee will have all plan choices available.
- Employees who do not enroll within the first 30 days will only be able to enroll in a STAR plan during the second 30 days of this enrollment period.
- An employee who enrolls in a STAR Plan and is ineligible for an HSA account forfeits the state's contribution into this account.

Federal Health Care Reform Changes:

- The flexible spending account (FLEX\$) will have a \$2,500 maximum election amount for FY 2013.
- The State of Utah lost grandfathered status this year as part of federal health care reform. We will no longer have any health plans that meet the requirements to remain grandfathered. All provisions of federal health care reform that are not applicable to non-grandfathered plans will be applied.
- One of the main benefits of losing grandfathered status is that preventive health services received at a contracted provider will be covered 100% on all State plans (see master policy for a list of services).

HRE and Fiscal Year End Information

- The HRE system will be going down this year to process Fiscal Year End changes.
 - HRE will go down Friday, June 22, 2012, at 11:00 am
 - HRE will be back up Monday, June 25, 2012
- All HRE actions for June 23, 2012, and earlier, MUST be entered and approved in HRE prior to June 22, 2012, at 11:00 am.
- The 1% General Increase will be applied after all other actions for June 23, 2012, are entered and approved. This order is important because actions that are not in this sequence can result in the employee not being paid at the correct salary rate. Late actions will cause lots of manual, behind-the-scenes work in order to assure that the employee ends up at the correct salary.
- It is also critical that all actions for June 23, 2012, are entered and approved prior to shut-down because of possible implications to one-time bonuses. Employees who are not in the correct job title, at the correct salary rate, at the time the system shuts down, may receive a one-time bonus they are not eligible for, or may not receive a one-time bonus they are eligible for.
- All ePars entered with effective dates for June 24, 2012, and later will be DELETED. You will need to reenter them when the system goes back up on Monday, June 25, 2012.
- How are the 1% salary increases going to be processed and in what order?
 - Assignment and salary actions effective June 23, 2012, and entered and approved on time will be processed first; the General Increase will be processed last.
 - Assignment and salary actions effective June 23, 2012, and entered and approved late will need to be processed in the same order and will need to have the General Increase recalculated.

One-Time Bonuses

- One-time bonuses will be automated by the Division of Finance. DHRM will send them a spreadsheet containing all eligible employees and the amounts they are to receive. Bonuses will be paid on the July 20, 2012, paycheck.
 - Late assignment and salary actions may affect the amount of a one-time bonus that has already been paid to employees; these errors must be corrected no later than December 14, 2012, in order for W-2's to be correct.
 - An employee who has received a one-time bonus in error or who receives more than they should have received will be required to reimburse the State for the overage no later than December 14, 2012.
 - An employee who should have received a one-time bonus, or received less than they should have, will have the bonus or the shortage paid to them only if the error is found prior to December 14, 2012.

- Late assignment and salary actions processed after December 14, 2012, will not result in any correction to an error in the one-time bonus.
- The first paycheck date for FY2013 will be on Friday, July 20, 2012. This paycheck represents 8 calendar days in FY2012 and 6 calendar days in FY 2013.