



Employer *Bulletin*

Employer Communication Center (608) 264-7900 Toll free: 1-888-681-3952 <http://etf.wi.gov>

State Contribution toward Health Insurance During a Leave of Absence

This bulletin clarifies the administration of employer paid health insurance during periods of leave of absence (LOA) during which the employee occasionally or periodically receives earnings.

A LOA is any period in which an employee is not working for, or receiving earnings from, the employer and has not terminated the employer-employee relationship as defined in Wis. Stat. § 40.02 (40). A LOA begins on the first day for which the statutory definition applies. Insured employees on a LOA may choose whether to continue health insurance coverage during the leave.

Most employees will have had two months of employee contribution paid upon beginning LOA, because premiums are deducted from the employee's paycheck two months in advance. The employer premium contribution continues for the first three months of the LOA for which premiums have not already been paid (deducted) from the employee's paycheck as of the date the LOA begins. Employees are then no longer eligible for the employer share and must pay their employer the full premium in advance of the coverage month.

Employees on LOA become eligible for the employer contribution when the LOA is ended as defined in Wis. Stat. § 40.02 (40). The LOA is deemed ended when the employee has resumed active performance of duty for **30 consecutive calendar days for at least 50% of what is considered his or her normal work time with that employer.**

An employee who is on LOA is not eligible for employer contribution toward premium simply because they receive earnings at some point during the payroll cycle for a given month.

Example 1: John is receiving Income Continuation Insurance (ICI) benefits for five months. He has used up his sick leave but has sabbatical leave that his employer is allowing him to use during his period of disability. John is using one day of paid leave during each pay period. Although receipt of the sabbatical pay keeps John on payroll, he is not eligible for employer contribution toward health insurance past the maximum of five months because he has taken at least one day of unpaid leave and has not returned to work for 50% of his regular work schedule for 30 days. Therefore, John has not met the statutory requirement for return to work and is not entitled to employer contributions toward his health insurance until he does so.

Example 2: Jackie is receiving Income Continuation Insurance (ICI) benefits for seven months. She is able to work two half

INSIDE

* **State Contribution toward Health Insurance During a Leave of Absence**

days per pay period. Although Jackie's earnings keep her on payroll, she is not eligible for employer contribution toward health insurance past the maximum of five months because she has taken at least one day of unpaid leave and has not returned to work for 50% of her regular work schedule for 30 days. Therefore, Jackie has not met the statutory requirement for return to work and is not entitled to employer contributions toward her health insurance until she does so.

Refer to subchapter 312 of the *State Health Insurance Employer Administration Manual* (ET-1118).

Please contact the Employer Communications Center at (608) 264-7900 or toll free at (888) 681-3952 with questions on the content of this bulletin.

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