

A Guide for Health Care Contribution Reporting



www.labor.vermont.gov

General Information

All C-101 reports for and subsequent to the 2nd quarter of 2007 must include a Health Care Contribution for all “uncovered” (as defined within) employees. This pamphlet is designed to assist you with this reporting.

A Health Care Contribution Worksheet (HC-1) form will be mailed to you with the Quarterly Wage and Contribution C-101 Report. A sample copy of the HC-1 form has been included in this pamphlet for your reference. Also enclosed is a Declaration of Coverage (HC-2) form. Please note specific situations when this form must be completed by your employees. You may make or obtain additional copies of the HC-3 form from the website below.

Outside of the information contained within, there is also a wealth of additional information presented on the web to include:

- 💡 Frequently Asked Questions
- 💡 Covered/Uncovered Tree
- 💡 On-Line Health Care FTE Calculator
- 💡 Reporting Examples
- 💡 Power Point Presentation on Health Care Reporting
- 💡 Administrative Rules
- 💡 And more . . .

All of the above information can be obtained on our website at:

<http://labor.vermont.gov>

under Businesses, Unemployment Tax & Benefit Information, Employer Health Care Contribution

You may also contact your local Unemployment Insurance Field Representative at any of the locations listed below or call our Employer Services Unit for additional assistance.

☒ Montpelier Area	802-828-1147
☒ Morrisville Area	802-888-2542
☒ White River / Barre Area	802-828-4200
☒ Rutland / Woodstock Area	802-786-8806
☒ Burlington / Middlebury Area	802-652-0328
☒ St. Albans / Burlington Area	802-951-5147
☒ Burlington Area	802-652-0328
☒ Bennington Area	802-447-2867
☒ Springfield / Brattleboro Area	802-885-1411
☒ Newport Area	802-334-3303
☒ Employer Services Unit	802-828-4344

Questions about potential eligibility for all State Health plans and/or premium assistance for Catamount Health and Employer-Sponsored insurance plans can be answered by calling the Agency of Human Services at 1-800-250-8427.

Vermont Department of Labor (VDOL)
Information for Completing Health Care Contribution Worksheet (Form HC-1)

Every quarter the Vermont Department of Labor will issue a Health Care Contribution Worksheet (Form HC-1). **The HC-1 form, or the information it would contain, must be retained in your records for three years.**

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Employee: Any individual, 18 years of age or older for all of a calendar quarter, employed full-time or part-time by an employer to perform services in this state, when such services fall under the definition of employment as defined by section 1301(6) of Title 21 of the Vermont Statutes Annotated, in other words, generally the same employees you report on the upper portion of the Wage and Contribution C101 report. Hours worked by employees whose “wages” are specifically exempted from UI reporting are also excluded from health care reporting. Examples of exempted wages include but are not limited to: governmental or municipal elected officials; volunteer emergency personnel; and sole proprietors.

Employer: Any person who is required under subchapter 4 of chapter 151 of Title 32 of the Vermont Statutes Annotated to withhold income taxes from payments of income with respect to services, but shall not include the United States government.

Full-time equivalent (FTE): The number of “uncovered” employees expressed as the number of employee hours worked in Vermont during a calendar quarter divided by 520. No more than one FTE (520 hours) may be assessed against an individual employee, regardless of the actual number of hours worked by that employee during a calendar quarter.

- a) For the purpose of calculating FTEs, the phrase “hours worked during a calendar quarter” means hours worked during all pay periods in that quarter for which gross wages were reported as paid, **up to 520 hours, per employee, per quarter.**
- b) An FTE shall not include any employee hours attributable to a “seasonal” or “part-time” employee, as defined below.

Uncovered Employee:

- a) An employee of an employer who does not offer to pay any part of the cost of health care coverage* for its employees. (*Coverage must include hospital and physician services.)
- b) An employee who is not eligible for the health care coverage offered by the employer; or
- c) An employee who is offered and is eligible for coverage by the employer, but elects not to accept the coverage and has no other health care coverage under either a private or public plan; or
- d) A “seasonal” or “part-time” employee who has VHAP, Medicaid, or no coverage, or has worked 21 weeks or more (in the case of a seasonal employee), or has worked 30 or more hours per week in the reporting quarter (in the case of a part-time employee); or
- e) When no declaration of coverage form is on file from: 1) an employee who declines the employer’s offer of health care coverage, or 2) from an employee who meets the “seasonal” or “part-time” definition.

Seasonal employee: An employee who: 1) works for an employer who offers to pay a portion of a health care plan to **ALL** of its full-time employees; and, 2) works 20 or fewer weeks, in a job scheduled to last 20 weeks or less in a calendar **year**; and 3) has health care coverage from a source other than VHAP or Medicaid. When an employee is hired for a specific period of time, which is scheduled to last 20 weeks or less, they will remain a “seasonal” employee for health care reporting purposes for the entire calendar year, unless the employee becomes eligible to enroll in the plan the employer offers/pays a portion of.

Part-time employee: An employee who: 1) works for an employer who offers to pay a portion of a health care plan to **ALL** of its full-time employees; and, 2) is generally scheduled to work less than 30 hours per week, with less than 390 hours worked during the calendar **quarter**; and, 3) has health care coverage from a source other than VHAP or Medicaid. **NOTE:** An employee who is scheduled to work full-time, but actually works less than 390 hours in the calendar quarter, can NOT be classified “part-time”.

Health Care Coverage: For purposes of HC Contribution reporting, health care coverage includes Catamount Health plans, Medicare, Medicaid, the Vermont Health Access Plan (VHAP), or a private or employer-sponsored insurance plan that includes both hospital and physician services. In the case of a “seasonal” and “part-time” employee, who is not eligible for the employer’s plan, health care coverage **EXCLUDES** VHAP and Medicaid.

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- **NOTHING** has changed with the reporting of information related to Unemployment Insurance. Reporting data on the upper portion of the Quarterly Wage and Contribution C-101 remains the same. The information contained within **ONLY** relates to determining data ultimately reported on Quarterly Wage and Contribution C-101 Report, Lines 16 and 17.
- All hours worked by employees of an employer who does NOT offer a health care plan, of which the employer pays a “portion” of, are considered “uncovered”, REGARDLESS if employees have coverage from another source. The “portion” the employer must pay is not defined.
- Reporting is based on “uncovered” employees, who were 18 for the entire quarter, whose gross wages were reported on the upper portion of the C-101 report during the reporting quarter.
- Employers who DO offer a health care plan, of which they pay a portion of, will determine potential “uncovered” status upon completion of our Declaration of Coverage (HC-2) form by all employees who are not enrolled in the employer’s plan. Giving cash bonuses to employees to purchase their own coverage is not considered offering a plan.
- Until July 1, 2008, the exemption was 8. As of July 1, 2008 until June 30, 2009, the exemption is 6, with it again reducing to 4 for all reporting for and subsequent to July 1, 2010. If your employee count is equal to or less than the exempted number of FTEs, you **must** report “zero” on C-101 lines 16 and 17. Leaving these lines blank is considered an incomplete report and could be subject to a \$35.00 penalty. Declaration of Coverage forms are not needed until your total employee count is more than the exempted FTEs.
- The Health Care reporting exempts the first 8* FTEs. *The exemption will drop to 6 employees on July 1, 2008 and to 4 employees on July 1, 2009. If your total employee count is equal to or less than the exempted number of FTEs, you must report “zero” on C-101 lines 16 and 17. In such case, Declaration of Coverage forms are not needed until your total employee count is more than the exempted FTEs.
- Hours worked by “uncovered” employees should be accumulated throughout the quarter, capping total hours at 520, for EACH employee, PER quarter.
- Employees, who are enrolled in the health care plan their employer offers to pay a portion of, would be EXCLUDED from the FTE calculations during the reporting quarter.
- An employee who is “**eligible**” **AND** “**enrolled**” in a health care plan, but is not actually covered until a subsequent quarter, shall be considered to have health care coverage, provided such intervening period is not longer than six months. This situation is NOT a customary probationary period as, generally speaking, employees in a probationary period are **neither eligible nor able to enroll** in a health care plan. As such, employees in a probationary period would be considered “uncovered”, unless they obtain health care coverage before the end of the reporting quarter.
- If an employee has health care coverage at any point during the reporting quarter, the employee is excluded from the FTE calculations for the ENTIRE quarter.
- All hours worked during the reporting quarter by “**seasonal**” employees, who work their 21st week and beyond, will be included in the “uncovered” FTE calculation during the quarter the 21st week was worked and for each quarter thereafter during the calendar year.
- All hours worked by a “**part-time**” employee, who works more than an average of 30 hours a week in the reporting quarter, will be included in the “uncovered” FTE calculation, for the affected quarter.

- Declaration of Coverage forms only need to be completed by employees of an employer who offers to pay a portion of a health care plan, when such employee is 1) eligible for and has opted out of the plan, or 2) is a “seasonal” or “part-time” employee not eligible for the employer’s plan. If the employer does NOT offer to pay a portion of a qualifying health care plan, Declaration of Coverage forms are NOT needed, as ALL hours worked by ALL employees are considered “uncovered” regardless if the employee has coverage elsewhere.
- The employer must use the Vermont Department of Labor’s Declaration of Coverage form, which must be renewed annually. The Declaration of Coverage form must be retained by the employer for 3 years in support of health care reporting.

HEALTH CARE DECISION TREE

QUESTION: Do you offer to pay a portion of a Health Care plan to some of your employees?

IF NO (SECTION I)

All employees are considered “uncovered” and **ALL** hours worked **MUST BE** included in FTE calculation.

STOP

IF YES (SECTION II)

Consider each individual employee:

Is Employee eligible to enroll?

IF YES

Does the employee choose to participate in the plan?

IF YES

Employee is considered covered; hours are **excluded** from FTE calculation.

STOP

IF NO

Have employee complete VDOL Declaration of Coverage, Form HC-2.

Did employee indicate coverage from another source?

IF YES

Employee is considered covered; hours are **excluded** from FTE calculation.

STOP

IF NO

Employee is considered uncovered and ALL hours are **included** in FTE calculation.

STOP

IF NO

Can the employee be classified as “seasonal” or “part-time” as defined in worksheet instructions?

IF YES

Have employee complete VDOL Declaration of Coverage, Form HC-2.

Did employee check box “I do not have coverage or I have coverage through VHAP or Medicaid?”

IF YES

Employee is considered uncovered and ALL hours are **included** in FTE calculation.

STOP

IF NO

Did Employee work more than the allowable time/hours allowable to be classified “seasonal” or “part-time”?

IF NO

Employee is considered covered; hours are **excluded** from FTE calculation.

STOP

IF YES

Employee is considered uncovered and ALL hours are **included** in FTE calculation.

STOP

IF NO

Employee is considered uncovered and ALL hours are **included** in FTE calculation.

STOP

**Completion of Health Care Contribution Worksheet – Form HC-1
(Retain completed worksheet in your records for 3 years)**

Data for reporting on C-101 lines 16 and 17 will be determined by completion of the Form HC-1. If there is no Health Care FTE or Contributions due, zeros must be reported on C-101 lines 16 and 17.

Section I: Employers who do not offer to pay a portion of a health care plan for ANY of its employees will use this section for reporting. Enter the total number of hours worked by ALL employees on line 1 in Section I and then proceed to “Calculations”.

Section II: Employers who offer to pay a portion of a health care plan to some or all of its employees will use this section for reporting.

Line 1 of Section II is used for reporting the number of hours worked by all employees, who **were offered** and **are eligible** for coverage, but elect not to accept the coverage and have indicated on the Declaration of Coverage form that they have no other health care coverage.

Line 2 of Section II is used for reporting the number of hours worked by all employees who are **NOT** eligible (excluding “seasonal” or “part-time” health care classified employees) for the health care coverage offered, regardless if they have coverage elsewhere. Ineligible situations could include, but are not limited to: health care not available due to pre-existing health condition or employee is in probationary period. You should also report on this line the total number of hours worked by all “seasonal” or “part-time” employees who: 1) do not have health care; or, 2) have VHAP or Medicaid; or, 3) have worked over the hours/time period allowable to be classified as a “seasonal” or “part-time” employee.

Calculations:

Line A: Enter the grand total of hours worked by all “uncovered” employees indicated in Section I or II. If grand total is a partial hour, round down to the nearest hour.

Line B: To determine the **unadjusted** FTE count, divide Line A total by 520. Again, if total is a partial number, round down to the nearest whole number.

Line C: To determine the **adjusted and reportable** FTE count, subtract the number of *exempted employees from Line B. If results are equal to or below zero, you **MUST** report zero on Line C and Line 16 of the Quarterly Wage and Contribution C-101 Report. **Exemptions are indicated on the HC-1 form mailed with the C-101 report for the reporting quarter.*

Line D: To determine the amount of Health Care Contribution, multiply the **adjusted** FTE count indicated on Line C by **the amount indicated on the HC-1 form** mailed with the Quarterly Wage & Contribution C-101 report for the reporting quarter. If result is zero, you **MUST** report zero on Line D and Line 17 of the Quarterly Wage and Contribution C-101 Report.

Vermont Department of Labor
HEALTH CARE CONTRIBUTION WORKSHEET for _____
(Quarter/Year)

Effective with the quarter beginning April 1, 2007, employers must gather information to determine if a Health Care Contribution will be due for the reporting quarter. Quarterly Health Care contributions are calculated by determining the "Full Time Equivalent" (FTEs) worked by "uncovered" employees during the reporting quarter. The following worksheet will help you determine what amount, if any, is owed. Complete instructions and further information about this worksheet are provided in form HC-3, which is available on our website at www.labor.vermont.gov or by calling Employer Services at 802-828-4344.

Hours in the reporting quarter shall NOT exceed 520 for EACH employee.

Uncovered Vermont Employee Count:

Total # of hours worked
by ALL uncovered employees

Section I

If you do **NOT** offer to pay a portion of a Health Care plan for ANY employees:

- Enter the total number of hours worked by all employees you employed during the reporting quarter on this line and proceed to "**Calculations**" section of this form.

Section I, Line 1

Section II

If you **DO** offer to pay a portion of a Health Care plan for some or all employees:

- Enter the total number of hours worked by all employees who were offered and are eligible for coverage, but elect not to accept the coverage and have no other health care coverage.
- Enter the total number of hours worked by all employees who are not eligible for health care coverage offered by you. You should also report on this line the total number of hours worked by all "seasonal" or "part-time" employees who: 1) do not have health care; or, 2) have VHAP or Medicaid; or, 3) have worked over the hours/time period allowable to be classified as a "seasonal" or "part-time" employee.

Section II, Line 1

Section II, Line 2

Quarter Ending Dates:	# of FTEs Exempted	Use these Exemptions for Line C calculations below.
6/30/07 - 6/30/08	8	
9/30/08 - 6/30/09	6	
9/30/09 and subsequent.....	4	

Calculations:

A. Enter the grand total of hours worked by all "uncovered" employees indicated above on Line A. **(If grand total is a partial hour, round down to the nearest hour.)**

Line A

B. Divide Line A by 520 and enter results on Line B. This is your **unadjusted** FTE count. **(If necessary, round down to the nearest whole number.)**

Line B

C. Subtract the number of exempted FTEs (see above) from Line B and enter results on Line C. This is your **adjusted** and reportable FTE count. **(If less than or equal to zero, you must report zero on C-101 Line 16.)**

Line C

D. Multiply Line C by \$91.25* and enter results on Line D. This is your quarterly Health Care Contribution. **(Report this amount, even if zero, on C-101 Line 17.)**

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Line D

Do not return this form to the department. You must retain it in your records for THREE YEARS.

