

# Health Care Frequently Asked Questions

- [Who has to report Health Care \(HC\) Contributions?](#)
- [What is an FTE?](#)
- [Which employees are potentially reportable for HC Contribution purposes?](#)
- [What about temporary, per diem, part time or seasonal employees?](#)
- [What is an “uncovered” employee?](#)
- [What is a “seasonal” employee?](#)
- [What is a “part-time” employee?](#)
- [What is a “regular full-time” employee?](#)
- [When will reporting be required?](#)
- [Is record keeping, for HC purposes, required if the employer employs equal to or less than the exempt number of FTEs?](#)
- [What if an employee is eligible to enroll in the health care plan the employer offers to pay a portion of can also be classified as “seasonal” or “part-time”?](#)
- [How would an employer determine if an employee who has different job duties \(i.e. teacher who is also a coach\) is “covered” or “uncovered”?](#)
- [What if the employee works for more than one business the employer owns?](#)
- [Does the employer have to use the Declaration of Coverage form developed by the department?](#)
- [Which employees must complete a Declaration of Coverage form?](#)
- [What if the employee refuses to sign the Declaration of Coverage?](#)
- [What does the employer do with completed Declaration of Coverage forms?](#)
- [What constitutes health care coverage and how will the employer know if an employee is covered?](#)
- [What if my employee’s health care coverage changes after the Declaration is completed?](#)
- [Does a “Health Savings Account” qualify as a “plan”?](#)
- [Are “Flex Spending Accounts” considered a “plan” for purposes of determining if an employee is “covered” or “uncovered”?](#)
- [What if the employer contributes to a “Cafeteria” plan?](#)
- [What is the minimum “portion” an employer must offer to pay on the health care plan being offered?](#)
- [What if the employer does not offer to pay a portion of a health care plan to any employee, but employee has health care coverage elsewhere?](#)
- [How does an employer calculate the HC Contribution due?](#)
- [Does the employer include hours worked by an “uncovered” employee who has stopped working before the end of the quarter?](#)
- [What does an employer report as the “adjusted” FTE count if it is a negative number or less than zero?](#)
- [What if an uncovered employee works a 42 hour workweek?](#)
- [How are hours worked by uncovered salaried employees calculated?](#)
- [How does an employer calculate hours worked by uncovered employees who are paid commissions or a flat amount for completion of a specific job?](#)
- [How does the employer report hours worked if the employee has not yet been paid?](#)
- [How do schools report “uncovered” employees who elect payment to be made over a 12 month period versus the 10 months school is actually in session?](#)

- [Does the employer include non-worked hours in the FTE calculation, such as vacation pay or sick pay?](#)
- [What if the employee works or lives out of state?](#)
- [Are the employee's hours included in the FTE calculation if the employer offers to pay a portion of a health care plan that an employee refuses AND such employee has no coverage elsewhere?](#)
- [How does an employer handle an employee in a "probationary" period?](#)
- [What is meant by "subsequent effective date of coverage" in the health care rules?](#)
- [Will VDOL accept two C-101 reports, one with SUTA information and the other with HC information?](#)
- [Do the definitions of a seasonal, part-time or full-time employee change what the employer reports for wages on the Quarterly Wage and Contribution C-101 report?](#)
- [Will HC reporting be included in Vermont's Internet Tax and Wage System \(VITWS\)?](#)
- [If the employer pays HC contributions, does that mean that the employee will be covered by a Catamount Health Care plans?](#)
- [Can the employer deduct the HC contributions owed from an employee's pay?](#)
- [Is there one central place where all questions related to Healthcare Reform can be answered?](#)
- [If an employer offers to pay a portion of health care coverage to their full time employees\(s\) but the employee\(s\) elect to get coverage as an individual through Vermont Health Benefit Exchange \(VHBE\), are they considered covered?](#)
- [If a full time employee elects not to accept the coverage offered by their employer because they are enrolled in Medicaid, are they considered covered?](#)
- [If an employee is part-time and not on Medicaid are they counted in the FTE calculation?](#)
- [If a full-time employee purchases coverage as an individual through Vermont Health Benefit Exchange and the employer pays are part of their premium, is that employee considered covered?](#)

Q: Who has to report Health Care (HC) Contributions?

A: If the employer has more than the number of exempted employees, the number of "uncovered" Full Time Equivalent (FTE) must be calculated. The employer is required to report the number of "uncovered" FTEs and the health care contributions due, even when zero.

Exemptions for Quarters # of FTE's

Ending : Exempted:

09/30/09 and subsequent..... 4

Q: What is an FTE?

A: FTE stands for Full Time Equivalent. To calculate the number of FTEs, add together all "uncovered" employee hours worked during a quarter and divide by 520. Hours over 520, per employee during the reporting quarter, do not have to be counted. 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. An FTE shall not include any hours attributable to an employee who meets the "seasonal" or "part-time" definition as defined within.

Q: Which employees are potentially reportable for HC Contribution purposes?

A: HC Contributions are potentially reportable for the same employees whom the employer reports for UI purposes, provided they are 18 or older for the entire quarter and work was performed in the State of Vermont. The amount of HC Contributions due will be based on uncovered FTEs.

Q: What about temporary, per diem, part time or seasonal employees?

A: If they are reportable on the UI Quarterly Contribution report, they are also potentially reportable for HC contribution purposes. That said, there is a possible exemption for employees who meet the “seasonal” and “part-time” as defined within.

Q: What is an “uncovered” employee?

A: By purposed rule and statute requirement, an “uncovered” employee is:

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:

(i) is enrolled in Medicaid

(ii) has no other health care coverage under either a private or public plan except Medicaid;

or (iii) has purchased health insurance as an individual through the Vermont Health Benefit Exchange

d) A “seasonal” or “part-time” employee who has 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 an employee who declines the employer’s offer of health care coverage OR from an employee who meets the “seasonal” or “part-time” definition defined below.

Q: What is a “seasonal” employee?

A: 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 source other than 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 to pay a portion of.

Q: What is a “part-time” employee?

A: 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 in a calendar quarter; and, 3) has health care coverage from source other than 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”.

Q: What is a “regular full-time” employee?

A: It is an employee who works the employer’s standard work week throughout the calendar year. Such employee would be eligible to enroll in health care plan offered by his/her employer to which the employer pays a portion of.

Q: When will reporting be required?

A: The employer is required to report on the quarterly Unemployment (UI) report “Adjusted Uncovered FTE’s” and Health Care Contributions and subsequent to the second quarter of 2007. If the FTE calculation is equal to or below the exemption, the employer must report “zero” on the appropriate C-101 reporting lines.

Q: Is record keeping, for HC purposes, required if the employer employs equal to or less than the exempt number of FTEs?

A: No. Calculation and record retention is only needed when the employer employs more than the exempt FTEs. Please refer to exemptions indicated previously for applicable exemption. Even though no HCC is due, you will still be required to report “zero” on the quarterly wage and contribution report.

Q: What if an employee is eligible to enroll in the health care plan the employer offers to pay a portion of can also be classified as “seasonal” or “part-time”?

A: If the employee is eligible to enroll in the employer’s plan, do not try to classify them for health care reporting purposes as “seasonal” or “part-time”, as these classifications exclude Medicaid as allowable coverage ... AND ... it requires the employer to keep track of hours/weeks worked.

Q: How would an employer determine if an employee who has different job duties (i.e. teacher who is also a coach) is “covered” or “uncovered”?

A: If the employer reporting the gross wages on the quarterly report offers to pay a portion of a HC plan, for which the employee is eligible to enroll in, the employee would be “covered” and hours worked would be EXCLUDED from the FTE calculation provided he/she was enrolled in the plan or has coverage elsewhere. Please keep in mind, it does not matter how many tasks or job titles an employee has. What does matter is whether or not the employer offers to pay a portion of a health care plan.

Q: What if the employee works for more than one business the employer owns?

A: Inclusion of the hours worked for the FTE calculation is initially based on whether or not the “employer” offers to pay a portion of a HC plan. “Employer” is defined as an individual employing unit; in other words, an individual VDOL employer account number. This means each business would be looked at separately.

Q: Does the employer have to use the Declaration of Coverage form developed by the department?

A: Yes - especially if the employee’s hours will not be included in the FTE calculations. Declarations

must be renewed annually and retained in the employer's files for three years. Failure to maintain declaration forms with the appropriate information may hamper the employer's ability to support FTE calculations, in the event a future audit is conducted.

Q: Which employees must complete a Declaration of Coverage form?

A: The form is to be completed by ALL employees if the employer offers to pay a portion of a health care plan that provides hospital and physicians services to at least some of their employees. \*An employee who meets the Health Care Contribution reporting definition of a "seasonal" and "part-time" employee should also complete a Declaration of Coverage form. 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.

Q: What if the employee refuses to sign the Declaration of Coverage?

A: At this time there is nothing in law that forces an employee to complete and sign the declaration. If the employee refuses to do so, the employer will have no choice but to include the employee's hours worked in the FTE calculation.

Q: What does the employer do with completed Declaration of Coverage forms?

A: Do not mail them to the Vermont Department of Labor. The employer must retain them in their records for three years.

Q: What constitutes health care coverage and how will the employer know if an employee is covered?

A: For purposes of HC Contribution reporting, coverage includes Medicare, or a private or employer-sponsored insurance plan that includes both hospital and physician services. Employers who offer to pay a portion of a health care plan must annually obtain a Declaration of Coverage from employees who are not enrolled in the plan the employer you provides.

Q: What if my employee's health care coverage changes after the Declaration is completed?

A: An employee can complete a new declaration at any time. Reporting must be done in accordance with the last declaration on file. Employers are REQUIRED to obtain a new one annually.

Q: Does a "Health Savings Account" qualify as a "plan"?

A: In order for an employer to offer a "Health Savings Account", they must also offer an IRS qualified High Deductible Health Plan. Provided the high deductible plan has both hospital and physician coverage AND the employer contributes into the HSA, it would be a qualifying plan.

Q: Are "Flex Spending Accounts" considered a "plan" for purposes of determining if an employee is "covered" or "uncovered"?

A: No - because an FSA is not a PLAN, which provides hospitalization and physician coverage.

Q: What if the employer contributes to a "Cafeteria" plan?

A: Cafeteria plans do not qualify as a health care plan providing both physician and hospitalization coverage and as such, all hours worked would be considered “uncovered”. One of the underlying goals of the Health Care Reform was to have more employers offering actual health care plans to their employees. As we understand Cafeteria plans, they are a means for an agreement related to different pre-tax options, one of which might be to pay for health care costs. We also understand in many cases it is the precursor of Flexible Spending accounts, which we have steadily maintained is not a “plan” within the intentions of this legislation. Based on prior situations and communications with those who were heavily involved in the process, the employer has to offer “a plan” - a plan that the employer has arranged and contracted with an insurance carrier. Providing the employee with a source to obtain coverage does not fall within this scope. This belief is further supported by the ability of the employee to use \$ for other purposes or to take it in additional gross wages. An employer who is truly paying a portion of a health care “plan” is not paying such portion to the employee, but generally to the insurance carrier.

Q: What is the minimum “portion” an employer must offer to pay on the health care plan being offered?

A: The amount of the “portion” is not defined.

Q: What if the employer does not offer to pay a portion of a health care plan to any employee, but employee has health care coverage elsewhere?

A: If the employer does not offer to pay a portion of a health care plan to any of its’ employees, all hours worked by employees MUST BE included in the FTE calculation, regardless of the fact the employee, might have coverage elsewhere.

Q: How does an employer calculate the HC Contribution due?

A: A worksheet (HC-1 form) which includes the HC Contribution can be found under Forms, Unemployment Insurance Forms. Instructions for completing the worksheet are provided on form HC-3. The employer will be required to have this worksheet or equivalent information available upon request.

Q: Does the employer include hours worked by an “uncovered” employee who has stopped working before the end of the quarter?

A: Yes. Any hours worked during the reporting quarter by an “uncovered” employee must be included in the FTE calculation.

Q: What does an employer report as the “adjusted” FTE count if it is a negative number or less than zero?

A: Report “zero” on the quarterly wage and contribution report.

Q: What if an uncovered employee works a 42 hour workweek?

A: Each employee’s hours should be totaled at the end of the quarter, with no employees’ individual total exceeding 520 hours during the reporting quarter.

Q: How are hours worked by uncovered salaried employees calculated?

A: If the salary is based on working 40 or more hours during a 7-day period, report 520 hours per quarter. If there is no set number of hours, use the number of hours actually worked or a reasonable estimate thereof, again not to exceed 520 per employee during the reporting quarter.

Q: How does an employer calculate hours worked by uncovered employees who are paid commissions or a flat amount for completion of a specific job?

A: Uncovered employees who are high school coaches, substitute teachers, and commission paid employees would likely fit into this category. If the job is full time and the uncovered employee worked all weeks in the quarter, report 520 hours. Otherwise it will be necessary for you to use a reasonable estimate of the hours worked, again not to exceed 520 per employee during the reporting quarter.

Q: How does the employer report hours worked if the employee has not yet been paid?

A: Act 191 of 2006 indicated in part to use the same reporting methods already in place wherever possible. Therefore, the hours worked by an uncovered employee for HC Contribution calculations are associated and representative of gross wages reported as being paid during the reporting quarter.

Q: How do schools report “uncovered” employees who elect payment to be made over a 12 month period versus the 10 months school is actually in session?

A: Report the number of hours the gross wages paid during the reporting quarter represent. While payments during the summer months are not actually for time worked during that time frame, they are representative of hours worked during a different period. To report otherwise would require the employer to create a dual reporting system - one for actual hours worked and one for paid wages.

Q: Does the employer include non-worked hours in the FTE calculation, such as vacation pay or sick pay?

A: No.

Q: What if the employee works or lives out of state?

A: Health Care contributions are calculated based on hours worked in the State of Vermont; where the employee lives has no impact on this reporting. If the wages of an “uncovered” employee are reportable to Vermont, than all hours worked in Vermont would be included in the FTE calculation. However, hours worked in another state by an “uncovered” employee can be extracted from the FTE calculation, even though the wages are all reportable to Vermont due to localization.

Q: Are the employee’s hours included in the FTE calculation if the employer offers to pay a portion of a health care plan that an employee refuses AND such employee has no coverage elsewhere?

A: Yes.

Q: How does an employer handle an employee in a “probationary” period?

A: An employee fulfilling a probationary period is not yet “eligible” to enroll in the plan offered by employer. As such, the employee would be considered “uncovered” during this period of time. However, please keep in mind, upon completion of the probationary period, the “uncovered” status could change to “covered” for the entire quarter, provided the employee enrolls in the plan the employer offers to pay a portion of ... OR ... the employee indicates on the completed Declaration of Coverage form that they have health coverage elsewhere.

Q: What is meant by “subsequent effective date of coverage” in the health care rules?

A: This is similar to what is commonly referred to as “open enrollment”. It’s the period of time where someone has enrolled, but coverage doesn’t begin until a certain date. Example: Employee enrolls on the 15th of the month, but coverage becomes effective on the 1st of the following month. This period of time is NOT the probationary period an employee must work before they become eligible to enroll in the health care plan the employer offers to pay a portion of. Example: Employer has a 90 day probation period, after which the employee can opt to enroll in the employer’s plan. Coverage for the employer’s plan always begins on the first of each month following enrollment. For this example let’s assume the employee started on June 15th and that after the 90 day probation period the employee enrolled in the plan. Reporting info: When reporting for the 2nd quarter, employee would be considered “uncovered” as they were not eligible to enroll in the plan. However, when reporting for the 3rd quarter, employee would be considered “covered” as they were “enrolled” during the reporting quarter, even though such coverage didn’t actually begin until October 1st.

Q: Will VDOL accept two C-101 reports, one with SUTA information and the other with HC information?

A: NO. Act 191 clearly states the expectation of combining reporting with existing reports already being collected from employers. It is expected that all C-101 reports will include SUTA and HC reporting, accompanied with payment of amounts due.

Q: Do the definitions of a seasonal, part-time or full-time employee change what the employer reports for wages on the Quarterly Wage and Contribution C-101 report?

A: No - nothing has changed regarding the employees and respective wages that an employer must continue to report for unemployment insurance.

Q: Will HC reporting be included in Vermont’s Internet Tax and Wage System (VITWS)?

A: Yes. After the employer completes reporting for UI tax purposes, they will be prompted to report HC information, which will be used to calculate the total amount due to the Department of Labor.

Q: If the employer pays HC contributions, does that mean that the employee will be covered by a Catamount Health Care plans?

A: No. The HC contributions will be used to subsidize the Catamount plan and other aspects of the health care reform initiatives, but there will be eligibility requirements for individuals seeking coverage. Those requirements are dictated in statute and will be further defined by the Agency of Human Services. The Department of Labor’s only role in this matter is the collection of employer contributions.

Q: Can the employer deduct the HC contributions owed from an employee's pay?

A: No. The Health Care Contributions is neither a "good" nor a "services" as allowed by section X.1 of Vermont Minimum Wage Rules. Additionally, the Health Care Contributions is neither "specifically authorized under state or federal law" nor a "health insurance contribution" as allowed by section X.2 of Vermont Minimum Wage Rules.

Q: Is there one central place where all questions related to Healthcare Reform can be answered?

A: There are several agencies involved in the administration of the health care reform legislation passed by the Legislature in 2006. The Department of Financial Regulation (802-828-3301) is overseeing the regulation of insurance plans. The Agency of Human Services (800-250-8427) is responsible for determining who is eligible for premium assistance for Vermont Health Benefit Exchange and for Employer-Sponsored insurance (ESI) plans. The Department of Labor has implemented the Employer Health Care Contribution. The State of Vermont has developed a website for the administration of Vermont Health Care Reform, which is available at: <http://hcr.vermont.gov>.

Q: If an employer offers to pay a portion of health care coverage to their full time employees(s) but the employee(s) elect to get coverage as an individual through Vermont Health Benefit Exchange (VHBE), are they considered covered?

A: No. They would be considered uncovered and need to be counted in the FTE calculation.

Q: If a full time employee elects not to accept the coverage offered by their employer because they are enrolled in Medicaid, are they considered covered?

A: No. They would be considered uncovered and need to be counted in the FTE calculation.

Q: If an employee is part-time and not on Medicaid are they counted in the FTE calculation?

A: If the employer does NOT offer to pay any part of the cost of health care coverage for its employee, the employer must enter the total number of hours worked by ALL employees in calculating the FTE.

If the employer offers health care coverage to ALL of its regular full-time employees, the part-time and seasonal employee hours Do Not need to be added to the FTE calculation as long as the part-time/seasonal employee:

1. Is Not enrolled in Medicaid; and
2. Can demonstrate health care coverage under a private plan, public plan or through the Vermont Health Benefit Exchange.

Part-time/seasonal employees who are enrolled in Medicaid must be counted in the FTE calculation. Part-time/Season employees who DO NOT have coverage under a private plan, public plan or through the Vermont Health Benefit Exchange must be counted in the FTE calculation.

Q: If a full-time employee purchases coverage as an individual through Vermont Health Benefit Exchange and the employer pays are part of their premium, is that employee considered covered?

A: No. If the employer does not have an employer sponsored insurance plan, the full-time employee is considered uncovered.

