

# *A Guide for Health Care Contribution Reporting*



[www.labor.vermont.gov](http://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.

Health Care Contribution Worksheet (HC-1) forms are available on our website at [www.labor.vermont.gov](http://www.labor.vermont.gov). 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. You may make or obtain additional copies of forms from our website.

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

- 💡 Frequently Asked Questions
- 💡 Covered/Uncovered Tree
- 💡 On-Line Health Care FTE Calculator

The above information can be obtained on our website at:  
<http://labor.vermont.gov>

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
☐ York / Winooski / St. Albans / Colchester .....	802-828-4200
☐ Morrisville Area .....	802-888-2542
☐ Rutland .....	802-786-8806
☐ Burlington / So Burlington .....	802-951-5147
☐ Middlebury / Williston .....	802-652-0328
☐ St. Albans / Colchester .....	802-863-7480
☐ Bennington .....	802-447-2867
☐ Springfield / Brattleboro .....	802-885-1411
☐ Newport / St. Johnsbury .....	802-334-3303
☐ Employer Services Unit .....	802-828-4344

Questions about potential eligibility for all State Health plans and/or premium assistance for Vermont Health Connect 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.**

**Definitions:**

**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 is enrolled in Medicaid; has no other health care coverage under either a private or public plan except Medicaid; has purchased health insurance coverage as an individual through the Vermont Health Benefit Exchange; or
- 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: 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 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 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 Medicare, 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** Medicaid.

**Important Reporting Details:**

- **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.
- 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 wage 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. Giving cash bonuses to employees to purchase their own coverage is not considered offering a plan.
- Declaration of Coverage forms need to be completed by employees of an employer who offers to pay a portion of a health care plan, that provides hospital and physicians services to at least some of the employees.
- 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.
- If your employee count is equal to or less than the exempted number of FTEs, you **must** report “zero”. Leaving these lines blank is considered an incomplete report and will result in a penalty.
- 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 21<sup>st</sup> 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.

***The FTE exemption and Health Care Contribution Premium amount is indicated on the HC-1 form.***

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

**STOP**

**IF NO**

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

**STOP**

Did employee indicate coverage from another source other than Medicaid or Vermont Health Benefit Exchange (VHBE)?

**IF YES**

Employee is considered covered; hours are **excluded** from FTE calculation. Have employee complete VDOL Declaration of Coverage, Form HC-2.

**STOP**

**IF NO** Employee is considered uncovered and ALL hours are **included** in FTE calculation. Have employee complete VDOL Declaration of Coverage, Form HC-2.

**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 Medicaid"?

**IF YES**

Employee is considered uncovered and ALL hours are **included** in FTE calculation. Have employee complete VDOL Declaration of Coverage, Form HC-2.

**IF NO** Did Employee work more than the allowable time/hours allowable to be classified "seasonal" or "part-time"? Have employee complete VDOL Declaration of Coverage, Form HC-2.

**IF NO**

Employee is considered covered; hours are **excluded** from FTE calculation. Have employee complete VDOL Declaration of Coverage, Form HC-2.

**STOP**

**IF YES** Employee is considered uncovered and ALL hours are **included** in FTE calculation. Have employee complete VDOL Declaration of Coverage, Form HC-2.

**STOP**

**IF NO** Employee is considered uncovered and ALL hours are **included** in FTE calculation. Have employee complete VDOL Declaration of Coverage, Form HC-2.

**STOP**

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

**Data for reporting health care information on the quarterly wage and contributions report (C-101) will be determined by completion of the Form HC-1. If there is no Health Care FTE or Contributions due, zeros must be reported.**

**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, is enrolled in Medicaid or is a full time employee and has purchased health care coverage as an individual through the Vermont Health Benefit Exchange..

**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 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 on the Quarterly Wage and Contribution C-101 Report.

**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 on the Quarterly Wage and Contribution C-101 Report.

***\*The FTE exemption and Health Care Contribution Premium amount is indicated on the HC-1 form.***

**HEALTH CARE CONTRIBUTION WORKSHEET for**

\_\_\_\_\_  
(Employer #)

\_\_\_\_\_  
(Quarter/Year)

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

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](http://www.labor.vermont.gov) or by calling Employer Services at 802-828-4344.

**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:

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

- 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:
  - is enrolled in Medicaid;
  - has no other health care coverage under either a private or public plan except Medicaid; or
  - is a full time employee has purchased health coverage as an individual through the Vermont Health Benefit Exchange (VHBE).
- Enter the total number of hours worked by all employees who were offered and 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:
  - do not have health care; or
  - have Medicaid; or
  - 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

<b><u>Quarter Ending Date:</u></b>	<b><u># of FTEs Exempted</u></b>	
9/30/09 and subsequent.....	4	<b>Use this Exemption for Line C calculation below.</b>

**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.)**
- 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.)**
- 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.)**
- D. Multiply Line C by appropriate amount shown in box below and enter results on Line D. This is your quarterly HealthCare Contribution. **(Report this amount, even if zero.)**

\_\_\_\_\_  
Line A

\_\_\_\_\_  
Line B

\_\_\_\_\_  
Line C

\_\_\_\_\_  
Line D

<b><u>Quarter Ending Date:</u></b>	<b><u>HCC Premium per above FTE Exemption</u></b>	
03/31/15 - 12/31/15 .....	\$140.84	<b>Use this amount for Line D calculation above.</b>
03/31/16 - 12/31/16 .....	\$151.12	
03/31/17 - 12/31/17 .....	\$158.77	
<b>Do not return this form to the department. You must retain it in your records for THREE YEARS.</b>		

**THIS FORM MUST BE COMPLETED ANNUALLY BY ALL EMPLOYEES**

Vermont Department of Labor

**DECLARATION OF HEALTH CARE COVERAGE**

Employer: This form is ONLY to be completed by employees if you offer to pay a portion of a health care plan that provides hospital and physicians services to at least some of your employees. You are required to maintain these documents together in a file in the event of an audit (for a minimum of three years).

Employer's Legal Name: \_\_\_\_\_

Print Employee's Full Name: \_\_\_\_\_

Employee ID or Social Security Number: \_\_\_\_\_ DOB \_\_\_\_\_

**EMPLOYEE TO COMPLETE:** *The purpose of this form is to obtain information regarding your health care coverage. The information certified on this form will be used solely for the purposes of determining if your employer must pay Health Care Contributions, as required under 21 V.S.A., Section 2003. Return to employer when complete.*

**I AM OFFERED AND AM ELIGIBLE FOR HEALTH CARE COVERAGE BY MY EMPLOYER:**

I have elected to accept the health care coverage offered and provided by my employer.

**I AM OFFERED AND AM ELIGIBLE FOR HEALTH CARE COVERAGE BY MY EMPLOYER BUT HAVE ELECTED NOT TO ACCEPT THE COVERAGE OFFERED** (*√ appropriate box*):

<input type="checkbox"/> I have Health Care Coverage that includes hospital and physicians services from another source other than Medicaid or Vermont Health Benefit Exchange (VHBE): (Specify Below) _____	<input type="checkbox"/> I have no health care. <input type="checkbox"/> I have Medicaid. <input type="checkbox"/> I am a full time employee and have health care as an individual through the Vermont Health Benefit Exchange.
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**I AM NOT ELIGIBLE FOR HEALTH CARE COVERAGE OFFERED BY MY EMPLOYER:** (*√ appropriate box*):

<input type="checkbox"/> I am a part-time employee who works less than 30 hours per week <b>AND</b> I have coverage from a source other than Medicaid that offers hospital and physicians services.	<input type="checkbox"/> I am a part-time or seasonal employee and I do not have health care coverage OR I am covered by Medicaid.
<input type="checkbox"/> I am a seasonal employee who expects to work for this employer 20 or fewer weeks during this calendar year <b>AND</b> I have coverage from a source other than Medicaid that offers hospital and physicians services.	<input type="checkbox"/> I have no health care.
<input type="checkbox"/> I have Health Care Coverage that includes hospital and physicians services: (Specify) _____ Employer Note: these individuals will need to be included in your uncovered hours, if you do not offer your plan to <b>ALL</b> of your full-time employees.	

NOTE to Employee: If at some point within the next year your health care coverage changes, you are required to complete another declaration.

I certify the above information is accurate and true to the best of my knowledge and belief.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

**Employer – Retain this document on file for THREE YEARS**