

**OFFICE OF THE STATE
COMPTROLLER**

**HEALTHCARE COST
CONTAINMENT COMMITTEE**



**HEALTHCARE POLICY & BENEFIT
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**DIVISION MEMORANDUM 2018-02
TO THE HEADS OF ALL STATE AGENCIES**

April 6, 2018

ATTENTION: Personnel and Payroll Officers
SUBJECT: Retiree Health Fund Contributions SEBAC 2017

The SEBAC 2017 Agreement required employees hired on or after July 1, 2017 to contribute to the Retiree Health Fund for 15 years. For members of the State Employees Retirement System (SERS) and the Alternate Retirement Program the contribution is 3% of compensation. For members of the Teachers Retirement System (TRS), it is 1.75%, which reflects the fact that such members also pay 1.25% of compensation to TRS towards the cost of future retiree health coverage.

Implementation of the SEBAC 2017 Agreement was phased in due to the reconfigurations needed in CORE-CT to accommodate new health premiums, revised contributions for existing retirement plans, and introduction of the Tier IV Plan in SERS. As a result, creation of new Retiree Health Fund deduction codes was delayed, and some employees hired on or after July 1, 2017 may have been assigned a Retiree Health Fund deduction code that is not aligned with the requirements of the SEBAC 2017 Agreement.

This memorandum outlines the process that will be used to assign the correct Retiree Health Fund deduction code for new hires and provides guidance on identifying which Retiree Health Fund contribution code should be used for those rehired on or after July 1, 2017. It also announces new functionality within CORE-CT to monitor each employee's contribution history. This process will automatically enroll eligible employees (new hires and rehires) for Retiree Health Fund contributions and automatically terminate the deduction as each employee meets the required contribution duration.

I. Employees Subject to Contribution Requirement Generally

The SEBAC 2011 Agreement required all healthcare-eligible employees to contribute to the Retiree Health Fund for 10 years or until retirement, whichever first occurred. The SEBAC 2017 Agreement extended the duration of those contributions to 15 years for new employees hired on or after July 1, 2017.

Retiree Health Fund contributions are required for any employee whose position entitles him or her to State-paid healthcare coverage. The following employees are exempt:

1. Those working part-time, less than 0.5 Full-time equivalent (FTE), temporary or seasonal employees);
2. Adjunct faculty in higher education who are intermittently eligible for State-paid healthcare coverage;
3. Any employee who is not eligible to participate in a State of Connecticut retirement plan (for example, those holding J-1 or F-1 visas); or
4. An employee who demonstrates that he or she is entitled to retiree health coverage from another source (other than COBRA, Medicare or a spouse's policy).

II. Identification of Employees Subject to 15-Year Contribution Requirement

New healthcare-eligible employees first hired on or after July 1, 2017 are subject to the 15-year contribution requirement. For employees rehired on or after July 1, 2017, application of the 15-year versus the 10-year contribution requirement will depend upon the nature of the employee's prior service. Someone whose prior state service was limited to a position that was not eligible for participation in a State of Connecticut retirement plan will be treated as a new employee subject to Retiree Health Fund contributions for 15 years. Included in this group would be previously employed student workers, graduate or university assistants, etc., as well as those with J-1 or H-1 visas.

A healthcare-eligible employee rehired after July 1, 2017, with prior state service in a position that was eligible for participation in a State of Connecticut retirement program is required to make Retiree Health Fund contributions for 10 years. This rule applies even if the employee had a permanent break in service or received a refund of his or her retirement plan contributions upon separation from service. Employees who received a refund of prior OPEB contributions should be given the opportunity to repay refunded amounts within 60 days of rehire so that they can get credit for prior service for purposes of retiree health eligibility.