

USA HEALTH & DENTAL PLAN

ELIGIBILITY POLICY

EFFECTIVE JANUARY 1, 2015

OVERVIEW

Effective January 1, 2015, employees of the University of South Alabama and USA HealthCare Management, LLC, are eligible for participation in the USA Health & Dental Plan (the Plan) based solely on hours of service. The Affordable Care Act requires an offer of minimum essential and affordable coverage to all employees credited with 30 hours of service per week or 130 hours of service per month on average. The Plan may defer the offer of coverage if the employee is determined as having “variable hours” in which case benefits-eligible status will be determined using a 12-month measurement period with a corresponding 12-month coverage period in compliance with the Affordable Care Act.

Eligible Employees include:

- 1) An employee with an employment start date prior to January 1, 2013, and a specific appointment with no termination date, occupying a permanently budgeted position, and working a minimum of 20 hours per week on a regular basis.
- 2) All employees regardless of the employment start date (first day of active employment) that are credited with 30 hours of service per week or 130 hours of service per month on average.
- 3) Employees employed prior to January 1, 2013, and continuously eligible under the Plan are eligible for the Base Plan of benefits.
- 4) Employees employed on or after January 1, 2013, are eligible for the Standard Plan of benefits.

Eligible Employees may also enroll their spouse (as recognized by the state of Alabama) and children under age 26. Coverage with the Plan will begin on the first day of the month following the first day of employment, contingent upon timely application to the Human Resources department and payment of any required employee contribution. An Eligible Employee declining coverage under the Plan is required to submit a written declination of coverage.

HOUR OF SERVICE

An hour of service is defined as each hour for which an employee is paid, or entitled to payment, for the performance of duties, and each hour for which an employee is paid, or entitled to payment, for a period of time during which no duties are performed due to approved paid time off (PTO), vacation, sick leave, holiday, jury duty, military duty or eligible leave of absence.

ELIGIBLE DEPENDENTS

An eligible dependent is defined as your spouse (as recognized by the state of Alabama) and your child. The Plan defines “child” to include:

1. Your natural-born child under the age of 26;
2. Your stepchild under the age of 26;

3. Your legally adopted child under age 26, including a legally adopted child living with you as the adopting parent during a period of probation;
4. A child under age 26 over whom you have legal custody by court appointment (physical custody alone is not sufficient);
5. A child under age 26 over whom you have legal guardian status by court appointment;
6. A child under age 26 for whom you are legally required to provide health insurance pursuant to a Qualified Medical Child Support Order; and,
7. Your Disabled child of any age provided the Disability commenced prior to age 19. Coverage under the Plan continues without interruption for the duration of the Disability so long as the employee maintains dependent coverage. Disability is a defined term in your USA Health & Dental Plan Member Handbook or you may contact the USA Human Resources department for detailed information.

WHEN COVERAGE STARTS

Coverage under the Plan will begin on the first day of the month following the first day of employment, or the first of the month if the employee's start date is the first of the month, contingent upon timely application to the Human Resources department.

This Eligibility Policy defines which employees may be offered coverage under the Plan. Coverage is contingent upon proper and timely application with payment of any required employee contribution towards the cost of single or family coverage.

DETERMINING BENEFITS-ELIGIBLE STATUS FOR NEW AND ONGOING EMPLOYEES

Most employees will be determined to be benefits-eligible upon employment. In cases where the employer cannot determine whether an employee will be benefits-eligible based on the facts and circumstances at the employee's start date, the University will determine benefits-eligible status using the look back measurement method.

The following classifications are used to determine eligibility for the Plan:

1. **Benefits-Eligible Employee:** Employee who earns at least 30 hours of service per week or 130 hours of service per month on average. A benefits-eligible employee is eligible to participate in the Plan.
2. **Non Benefits-Eligible Employee:** A non benefits-eligible employee is not eligible for participation in the Plan. A non benefits-eligible employee is defined as follows:
 - a. **Variable Hour Employee:** An employee is considered a variable employee if, based on the facts and circumstances at the employee's start date, it cannot be determined that the employee is reasonably expected to work on average at least 30 hours per week.

NEW EMPLOYEES

The initial measurement period for a new variable hour employee is 12 months in length and begins the first of the month following the employee's start date. If during the initial measurement period the employee is determined to be a benefits-eligible employee, then coverage under the Plan is offered during the corresponding 12-month stability period. Coverage must start no later than the last day of the month following the initial measurement period (not to exceed 13 months), so long as the employee has submitted the required application and authorization for the employee contribution toward the cost of coverage and any required documentation of dependent eligibility. Coverage will continue for the 12-month stability period regardless of the number of hours worked or until the employee fails to timely pay the employee contribution or terminates employment.

The chart below illustrates the look back measurement method for new employees.

Initial Measurement Period	Administrative Period	Stability Period
12 month period starts the first of the month after the employee's start date	30 days to determine the average number of hours earned during the measurement period for coverage to start the first of the month following	12 months
30 hours of service per week or 130 hours of service per month on average determines benefits-eligible status		Coverage continues for 12 months regardless of future hours worked except for a failure to make employee contribution or upon termination of employment

ONGOING EMPLOYEES

An ongoing employee is one who has been employed the length of one standard measurement period, or 12 months¹. An ongoing employee will have benefits-eligible status determined during the standard measurement period, *September 1st through August 31st* with an administrative period from *September 1st through October 31st* to provide time for eligibility determination, and the preparation and distribution of material for open enrollment in November. If during the standard measurement period the employee is determined to be a benefits-eligible employee, then coverage under the Plan is offered during the corresponding 12-month stability period. Coverage will continue for the 12-month stability period regardless of the number of hours worked or until the employee fails to timely pay the employee contribution or terminates employment. An employee determined not to be benefits-eligible will again have their status reviewed during the next standard measurement period.

¹ Pursuant to the Affordable Care Act, the University will use a standard measurement period which is shorter than the corresponding stability period to determine benefits-eligible status of employees for eligibility to participate in the Plan as of January 1, 2015. Eligibility for January 1, 2015 is based on a **6-month standard measurement period**, from July 1, 2014 through December 31, 2014, with a corresponding stability period of 12 months, from January 1, 2015 through December 31, 2015. Effective January 1, 2015, the University will use a **12-month standard measurement period** to determine benefits-eligible status and eligibility to participate in the Plan as of January 1, 2016.