

## HOPE ENTERPRISES, INC. Memo

Date:

To:

Cc:

From: Lorraine Gates, Vice President, HR & Administration

RE: **EMPLOYEES WHO WAIVE HEALTH INSURANCE – THE HEALTH WAIVER CREDIT  
& THE MEDICARE SECONDARY PAYER STATUTE**

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Periodically, we need to verify with full-time employees who have waived health insurance that they remain covered under another plan and to verify that no covered member has become eligible for Medicare or Medical Assistance.

Please complete and re-sign the attached Declaration/Waiver of Participation & Understanding of Responsibilities regarding Medicare and return it to Peggy Shultz, Human Services Coordinator. Failure to do so will result in delay of your next HWC payment, if applicable.

As another point of information, Hope requires a **condition of employment** for eligible, full-time employees **to participate in a “minimum of Employee Only coverage” unless health insurance is available through another private insurance carrier.** Refusal to participate without other private insurance would result in essentially an eligible employee voluntarily ending employment, unless the employee's share of the premium brings the employee's gross pay below the minimum wage. This provision is normal practice with many other employers' plans as it is in the best interest of the employee, all taxpayers, the local medical and business community, and Hope Enterprises, Inc.

An employee who currently receives Medical Assistance benefits and who changes to Hope's Medical Insurance Plan as the primary plan can usually expect that Pennsylvania's HIPP Program will pay Hope for the employee's 20% share of the premium and act as secondary payor when certain claims qualify under the deductibles for the plan. Also, the Department of Public Assistance often requires this arrangement at some point in the employee's employment. Medicare participants can expect a much higher degree of coverage from Hope's plan and Medicare would remain as their secondary coverage. Therefore, the financial impact of this mandatory employee-only coverage should be minimal. Please contact Peggy Shultz at 275-8691 with any questions you may have.

Attachments: Declaration/Waiver of Participation  
Health Waiver Credit Provisions

**HOPE ENTERPRISES, INC.**  
**COLUMBIA MONTOUR SNYDER UNION COUNTIES REGION**  
P.O. Box 219, Danville, PA 17821

**EMPLOYEE MEDICAL & PRESCRIPTION DRUG PLAN**

**DECLARATION - WAIVER OF PARTICIPATION  
& UNDERSTANDING OF RESPONSIBILITIES REGARDING MEDICARE**

Employee Name: \_\_\_\_\_

I hereby certify that I have coverage under another private health care insurance available to me and I do not wish to participate in the Hope Enterprises, Inc., CMSU Region Medical and Prescription Drug Plan (commonly known as the Health Insurance Plan).

I further certify that I received a copy, read and fully understand the Health Waiver Credit Provisions October 1, 2007. I understand that I will only qualify for a Health Waiver Credit if I am covered through a private health insurance plan, and if no member of my family eligible under the Hope Enterprises, Inc. Plan is eligible for Medicare or Medical Assistance.

I understand that I am to notify the Personnel/HR Department immediately if I or any family member become eligible for Medicare or Medical Assistance during the time I am eligible for Hope's group health plan, and that this will disqualify my eligibility for Health Waiver Credit payments.

I understand that if I cease to be covered under another health plan, I am required, as a condition of my continued employment, to report that loss of coverage to the Personnel/HR Department within 30 days of my being notified of the loss of that coverage. I agree that, upon reporting such loss of coverage, I will be deemed to have elected coverage for myself (and for spouse and family, if I so elect), and, in that event, I authorize a reduction of my wages/salary in the appropriate amount applicable to such coverage.

I am currently covered under another health insurance plan or my spouse's health insurance plan at:

Place of employment: \_\_\_\_\_

Insurance Company's Name: \_\_\_\_\_

Group # \_\_\_\_\_ Agreement # \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**HOPE ENTERPRISES, INC.**  
**COLUMBIA MONTOUR SNYDER UNION COUNTIES REGION**  
P.O. Box 219, Danville, PA 17821

**EMPLOYEE MEDICAL & PRESCRIPTION DRUG PLAN**

**HEALTH WAIVER CREDIT PROVISIONS**  
**EFFECTIVE OCTOBER 1, 2007**

As provided in Article III.3.3. of the Plan Document, a Health Waiver Credit totaling \$1,200 annually will be provided to each eligible, full-time employee who declines coverage (see Declination form) due to having alternate health insurance available and secured through another **private**\* insurance carrier.

As of October 1, 2007, the schedule for payment of Health Waiver Credits is as follows:

- ❖ The \$1,200 annual credit is divided by the normal 26 payroll periods in each fiscal or calendar year, which equates to a health waiver credit (HWC) payment of \$46.15♣ paid biweekly.
- ❖ Each eligible employee shall receive a HWC payment of \$46.15 biweekly commencing with either the first pay or the first full pay period following the first day of the month in which the employee would have been eligible for the Plan but who declines coverage.
- ❖ A terminating employee will not be eligible for a HWC payment unless the last day of active employment coincides with the last day of a biweekly payroll

♣Note: Eligible full-time employees with two years of service may elect to direct HWC payments to a Flexible Spending Account. This option may only be elected during the open enrollment period of July each calendar for an August 1 effective date.

**\* Notices:**

1. **If you are a recipient of Medical Assistance benefits, the agency will not provide the Health Waiver Credit and you must elect at least “employee only” coverage. We encourage you to consult with your local Pennsylvania Department of Public Assistance representative about the state HIPP program to offset the cost of your 20% portion of the health insurance premium in effect and any deductibles.**
2. **Under the *Medicare as Secondary Payer Statute*, Hope is prohibited from offering any financial or other incentive Not to Enroll in a group health plan (GHP). This applies if you or your spouse is age 65 or over, under 65 and disabled, or otherwise eligible for Medicare. The employee or spouse of an employee may refuse the Hope-sponsored medical insurance plan, in which case Medicare will be the primary payer. It is unlawful, however, for Hope to offer any financial incentive for a Medicare beneficiary not to enroll, or to terminate enrollment, in a GHP that would be primary to Medicare if the individual enrolled. This is the case even if the incentive is offered universally to all individuals who are eligible for coverage.**