

Esparto Fire Protection District
Cash-in-Lieu of Medical Coverage (Cash Option) Plan
Effective September 1, 2023

If an employee has qualifying group health insurance through a spouse, domestic partner, parent, or another source, the employee has the option to receive cash-in-lieu (Cash Option) of our district-sponsored health. Qualifying group health coverage includes health coverage that provides minimum value as established by the federal Patient Protection Affordable Care Act (ACA) and is maintained by an employer or employee organization.

Employees enrolled in individual coverage, such as TRICARE, Medicare, Medi-Cal, and Covered California, are not eligible to receive cash-in-lieu of other health coverage.

Benefits of the Cash Option

The Cash Option is:

- \$ [redacted] /month in lieu of health benefits for a full-time employee (amount will be prorated for employees working less than full-time).

This money is treated as taxable income and is reported on an employee's W-2 statement for the tax year when they receive payment. Cash Option payments are not considered compensation for retirement purposes.

Before Enrolling in a Cash Option

The Cash Option is designed to expand our employees' benefit options, not limit or decrease important health coverage for employee's and their family. Accordingly, it is important for employees to make sure their health needs are met before they enroll in a Cash Option.

Who May Enroll in a Cash Option?

Employees are eligible to enroll in the Cash Option if they have a permanent position working 20 or more hours per week. Employees on a limited term or temporary position are not eligible to enroll in the Cash Option.

When May Employees Enroll?

Employees first opportunity to enroll in a Cash Option is within 60 days after becoming "newly eligible" for these benefits. However, for many employees the typical time to enroll is during the annual Open Enrollment period.

Newly Eligible

Besides the annual Open Enrollment period, employees also have the opportunity to enroll in the Cash Option within 60 days after becoming "newly eligible." Newly eligible events are as follows:

- A new employee hired after the Open Enrollment period.

- An employee on an approved leave of absence during the entire Open Enrollment period.
- An employee experiences a change in status that permits him/her to enroll as newly eligible. If the employee's change in status results in a concurrent approved leave of absence (e.g., birth of child followed by a maternity leave), he/her may enroll by the deadlines specified below after the employee returns to work.
- An employee's time base/employee designation changes from one that was ineligible to one that is eligible.

Deadline for Newly Eligible Employees to Enroll:

A newly eligible that wants to enroll must submit an enrollment form to the Office within 60 days after becoming newly eligible. Correctly completed forms received by the tenth of the month are effective the 1st of the following month (except when the tenth is on a weekend or holiday, in which case the cut-off date will be on the next regular workday). If a form is received after the tenth of the month, the effective date will be the 1st of the *next* following month.

Changes and Cancellations

Once an employee enrolls in a Cash Option, he/she cannot cancel or change their enrollment during the plan year (January 1 through December 31) unless they experience a change in status, called a "permitting event." See the complete list of status changes that permit an employee to cancel or change their enrollment. Outside of a permitting event, an employee may only change their election during the annual Open Enrollment window.

If an employee is enrolled in a Cash Option when they retire, their Cash Option will stop automatically.

Payroll status changes

In addition to the permitting events listed below, here are some other payroll status changes and how they affect Cash Option enrollment:

- State Disability Insurance (SDI): If an employee goes on SDI while enrolled in a Cash Option, their enrollment will stop while they are on leave. If they return to pay status in the same plan year, their enrollment will resume.
- Unpaid Leave of Absence: If an employee is on an unpaid leave of absence while enrolled in a Cash Option, their enrollment will stop while they are on leave. If they return to pay status in the same plan year, their enrollment will resume.
- Military Leave: If an employee is called to active military duty for the War on Terrorism, he/she is eligible to retain their benefits for up to 365 calendar days (Government Code section 19775.18) above the 180 calendar days provided by Government Code section 19775.17. If they are currently receiving cash-in-lieu of health benefits, they may continue to receive the cash for the duration of their military leave, not to exceed the time limits mentioned above. Military Leave is not a permitting event to newly enroll into the Cash Option.

Changes in Status "(permitting events)"

If an employee experiences a change in status that's listed below, they're permitted to take the action that's listed next to that change. An employee has 60 days following the date of their status change to take the corresponding action.

A completed form(s) must be received by the tenth of the month to be effective on the first of the following month.

- **Marriage**
May enroll in Cash Option as newly eligible or, if currently enrolled, may cancel/change Cash Option.
 - **Divorce (date of final divorce), legal separation, or annulment**
May cancel Cash Option and enroll into health coverage.
 - **Death of spouse or domestic partner**
cancel Cash Option and enroll into health coverage.
 - **Loss or commencement of spouse's or domestic partner's employment**
If currently enrolled, may cancel/change Cash Option. New enrollment into the Cash Option is not allowed.
 - **Loss of medical coverage provided through spouse, domestic partner, or other source, due to an employment status change**
May cancel Cash Option and enroll into health coverage.
 - **Commencement of medical coverage provided through spouse, domestic partner, survivor benefits, or other source, due to an employment status change**
May enroll in Cash Option as newly eligible or, if currently enrolled, may cancel/change Cash Option.
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This Cash-in-Lieu of Medical Coverage (Cash Option) Plan is hereby adopted this 9th day of August, 2023.

ESPARTO FIRE PROTECTION

Curtis Lawrence, Board Secretary