

Title/Subject: **CONTINUATION OF INSURANCE BENEFITS - UNPAID LEAVE OF ABSENCE**

Applies to:  faculty  staff  students  student employees  visitors  contractors

Effective Date of This Revision: February 1, 2016

Contact for More Information: Human Resources

Board Policy  Administrative Policy  Procedure  Guideline

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**PURPOSE:**

This policy provides an overview of continuation of benefits during an approved unpaid leave of absence. Employees may be eligible to continue some or all of their university benefits. Treatment of benefits continuation may vary based on the type of unpaid leave of absence. Benefits remain subject to the terms of appropriate employee group contract / handbook and applicable benefits plans and policies.

**DEFINITIONS:**

- Employee - Any eligible employee actively enrolled in CMU's group health coverage.
- COBRA - The Consolidated Omnibus Budget Reconciliation Act requires group health plans to offer employees, spouses, and/or dependents, who under certain circumstances would lose coverage, the opportunity to continue coverage for a limited period of time at group rates. For more information on COBRA; please refer to the [COBRA Policy](#).

**POLICY:**

During an approved Family and Medical Leave (FML) unpaid leave of absence employees have the option to continue their benefits but are responsible for paying an amount equal to the active employee contribution of the applicable benefit premiums.

During an approved non-FML unpaid leave of absence the university does not contribute toward the cost of benefits. Eligible employees have the option to continue their benefits; however, they are responsible for paying the full group cost (university and employee premium).

For staff employees, unpaid leave of absence begins when an employee has been in an unpaid status for more than one full pay period. In the event the unpaid time takes place over less than one full pay period, the leave will be recorded as lost time.

**Continuation of Benefits:** Employees have a 30 calendar day grace period from the start of the unpaid leave of absence to make an initial payment for benefits coverage and to make changes to their benefit elections while on leave of absence (i.e. status change event). The Benefits & Wellness office will notify employees of their continuation options for benefits in which they are enrolled at the time of their leave of absence.

1. Employees must contact Benefits & Wellness office for benefit cost information. Payment must be received within 30 calendar days from the start of the unpaid leave of absence to avoid cancellation of benefits.

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Authority: G. Ross, President

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2. Cancellation of benefits will be effective retroactive to the first day for which payment was due. Any claims that have already been paid by the plan for service dates that occur after the effective date of termination of coverage may be billed to the employee and will become the responsibility of the employee to repay the plan..

**Qualifying Status Change Events During an Unpaid Leave of Absence:** If a qualifying status change event takes place (i.e. birth of child, marriage, divorce, etc.) while the employee is on an unpaid leave of absence; it is the employee's responsibility to notify the Benefits & Wellness office, in writing, by completing a [Status Change Request form](#) if they want to add/delete a dependent from their benefits while on unpaid leave of absence. Additional details regarding benefit status changes can be found on the Human Resources website:  
[https://www.cmich.edu/fas/hr/HRBenefitsandWellness/Pages/Status\\_Changes.aspx](https://www.cmich.edu/fas/hr/HRBenefitsandWellness/Pages/Status_Changes.aspx).

## **PROCEDURE:**

### **Changes to Benefit Coverage:**

1. An employee placed on an approved unpaid leave of absence has the option to continue certain benefits during the leave of absence. The employee may also change elections for benefits in which the employee participated immediately prior to the leave of absence.
  - a. An employee may change benefit elections by returning a completed [Status Change Request form](#) to the Benefits & Wellness office within 30 calendar days of the effective date of the unpaid leave of absence (i.e. status change event). Election changes will be effective on a prospective basis.
  - b. There may be specific continuation provisions for short and long term disability plans; please refer to the [STD and LTD](#) booklets for more information.
  - c. For employees eligible for tuition benefit; please refer to the Tuition Benefit Policy.
2. If the employee returns to active work status following the unpaid leave of absence and remains benefit eligible, all benefit elections will be reinstated to the elections that were in place prior to the leave of absence (including those that may have been cancelled while on an unpaid leave of absence). The employee may change benefit elections consistent with the status change event by returning a completed [Status Change Request form](#) to the Benefits & Wellness office within thirty (30) calendar days of the date the employee returns to active work status.

**Cost of Coverage:** The employee will be responsible for all or part of the benefit premium while on unpaid leave of absence, depending on the type of unpaid leave of absence for which an employee is approved.

1. Employees placed on an approved [Family and Medical Leave \(FML\)](#) unpaid leave of absence are responsible for paying an amount equal to the active employee contribution of benefit premiums for medical / prescription drug, dental and/or vision benefits (if currently enrolled in and electing to continue) during the FML unpaid leave of absence. Employees are responsible for paying an amount equal to the full premium (will not receive the university contribution), for other benefits (if currently enrolled in and electing to continue) which may include health care flexible spending accounts , employee life insurance/AD&D, long-term disability, short-term disability, spouse/other eligible individual (OEI) life insurance/AD&D, and child life insurance/AD&D, during the FML unpaid leave of absence.
2. Employees placed on an approved [non-FML](#) unpaid leave of absence (i.e. FML has been exhausted, personal leave, etc.) are responsible for paying an amount equal to the full group cost (university and employee premium) for all benefits (if currently enrolled in and electing to continue) which may include medical / prescription drug, dental, vision, health care flexible spending accounts , employee life insurance/AD&D, long-term disability, short-term disability, spouse / OEI life insurance/AD&D and child life insurance (AD&D).
3. Employees placed on an approved [Workers' Compensation](#) unpaid leave of absence are responsible for paying an amount equal to the active employee contribution of benefit premiums for all benefits (if currently enrolled

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in and electing to continue) which may include medical /prescription drug, dental, vision, health care flexible spending accounts, employee life insurance/AD&D, long-term disability, short-term disability, spouse/OEI life insurance/AD&D, and child life insurance/AD&D during the workers' compensation unpaid leave of absence.

4. Employees receiving a "No Coverage" payback for medical and / or dental will not be eligible for the payback during an approved FML and non-FML unpaid leave of absences.

**Benefit Payments:** Employees who have been placed on an approved unpaid leave of absence will be required to pay for their benefits premiums during the length of their leave of absence.

1. The initial payment due includes the cost of coverage for the remainder of the month in which the unpaid leave began as well as the full month following. The initial payment is due within 30 calendar days of the effective date of the unpaid leave of absence. If payment is not received by the due date, benefits will be cancelled retroactively to the first date for which payment was due.
2. Subsequent monthly premium payments are due on the 1<sup>st</sup> day of each month and may be dropped off in person or sent by mail. Monthly payments must be received in the Benefits & Wellness office on or before 5:00pm on the 1<sup>st</sup> day of each month for which coverage is continued. Billing statements will not be provided. Acceptable payment can be in the form of cash, personal check, money order or cashiers check.
3. Failure to pay either the initial payment within 30 calendar days of the effective date of the unpaid leave or subsequent monthly benefit premiums within a thirty (30) calendar day grace period of the payment due date will result in retroactive cancellation of benefits effective the first day for which the payment was due. As a result of a retroactive termination, any claims that have already been paid by the plan for service dates that occur after the effective date of the termination of coverage may be billed to the employee and will become the responsibility of the employee to repay the plan.
4. In the event a personal check is returned to the university for non-payment the employee must re-submit that payment (and all future payments) before the end of the thirty (30) calendar day grace period in only the form of cash, money order or cashiers check. If a personal check is returned for non-payment after the thirty (30) calendar day grace period, benefit coverage will be cancelled due to failure to pay.

**COBRA Continuation Coverage:** Special COBRA rules apply for those employees on an approved unpaid leave of absence.

1. For employees on an approved, unpaid Family & Medical leave of absence a COBRA qualifying event will not occur until the end of the Family and Medical Leave and the employee terminates employment. For more information on the Family and Medical Leave Act; please refer to the [FMLA Policy](#). A COBRA letter/election form will be issued at the end of the Family and Medical Leave for benefits that were in effect prior to the beginning of the Family and Medical Leave.
2. Those employees who do not return to active work status at the end of their approved, unpaid non-Family and Medical leave of absence will be offered COBRA continuation coverage for those benefits they elected to continue, and for which they have paid for during their approved, unpaid leave of absence.
  - a. If an employee is on an approved, unpaid non-FML leave of absence and loses coverage due to non-payment of premiums or drops coverage, this is not a COBRA qualifying event and COBRA continuation coverage will not be offered.

*Central Michigan University reserves the right to make exceptions to, modify or eliminate this policy and or its content. This document supersedes all previous policies, procedures or guidelines relative to this subject.*