



Public Schools of North Carolina

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MEMORANDUM

TO: LEA Finance Officers
Charter School Finance Officers

FROM: Brad Sneed

SUBJECT: Clarification of Guidelines for Payment of Health Insurance Coverage

We continue to receive calls related to health insurance payments. We thought further clarification of the policy relating to health insurance coverage was needed. Most of the questions relate to the policy as it applies to transfers of 10-month employees between school systems with different beginning dates. The complete policy can be found in the *Financial Policy and Procedures Manual for Local Education Agencies* (Part Five - Benefits). These policies also apply to charter schools that elect to participate in the State Health Plan.

The intent of the policy has always been to ensure that employees who transfer between participating employers do not experience a lapse in hospital insurance coverage. When all school systems operated on a traditional calendar, transfers of employees were between systems with similar beginning and ending dates. The new calendar flexibility changes this. While the intent of the policy is still the same, transfers of 10-month employees now require better communication between the school systems involved.

An employee that transfers between school systems should be treated by the receiving system the same as new employees within that system. When individuals begin employment - coverage for new employees will be effective the first day of the month following the date of employment or the first day of the second month.

The receiving employer of a transfer employee will begin coverage according to the employee's beginning date of employment just like if the individual was a new hire. The employer that the employee is leaving will continue coverage according to the policy for transfers, or until the receiving employer begins coverage, whichever comes first.

We hope that this helps explain the policy for hospitalization coverage for transferring employees. If you have any questions regarding these policies, please contact Nancy Harris at 919-807-3725.

BS:nh

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