



Alexandria City Public Schools

Health Insurance Premium Holiday: Frequently Asked Questions Active Employees

What is a premium holiday?

A premium holiday is a pay period in which the employee's portion of the healthcare premium is not deducted from the employee's pay and the employer's portion is not expended.

Why do we need a premium holiday?

ACPS has had favorable claims experience in the past few years and health fund reserves are projected to exceed targeted levels.

Why is ACPS giving us a premium holiday now?

ACPS established the health insurance fund to separately track all premium collections and healthcare costs three years ago. Typically, adjustments are made after a period of several years to ensure trends have been established and appear consistent. ACPS provides a year-end estimate to the School Board each spring at which point the School Board makes decisions regarding changes in the use of funds.

Who is eligible for the premium holiday?

The premium holiday will apply to all full-time or part-time, benefits-eligible employees who are currently enrolled in the ACPS United Healthcare or Kaiser medical plans and are **actively employed** during the premium holiday periods of December 1-15 and December 15-31, 2016. Retirees are also eligible.

Will employees who currently opt out of medical coverage get any extra money in their paychecks?

No. The premium holiday only applies to ACPS employees and retirees enrolled in either the United Healthcare or Kaiser medical plans sponsored by ACPS.

What paychecks will be affected by the premium holiday?

The premium holiday will begin December 1, 2016, and end December 31, 2016. The specific paychecks that will have premiums waived are the **December 15** and **December 21** paychecks.

How are premiums and plan reserves established?

For our fully insured medical plan (Kaiser), premiums are set directly by the insurance company. For our self-funded medical plan (United Healthcare), premiums are set by ACPS and are based on healthcare cost trends, administrative costs, plan participation, and reserve balances.

Revenues generated from premiums provide resources to pay claims and plan administrative expenses. At the close of each fiscal year, revenues exceeding costs become plan reserves that are used to cover claims incurred but not yet paid and provide protection to handle catastrophic claims, premium stabilization, and other contingencies.

Can I expect to receive premium holidays in future years?

Given the upward trend of healthcare cost increases, it is unlikely. However, with any self-funded plan, this possibility does exist. The Human Resources and Financial Services Departments will continue to review and monitor plan activity.

Will dental and vision premiums or any other deductions continue to be withheld from employee pay during the premium holiday?

Yes. Only medical premiums will be waived.

What is the reason my net pay may not increase by the exact amount of the waived premium deduction?

Medical premiums are exempt from all taxes (FICA, Medicare, Federal Income Tax and State Income Tax), which lowers your taxable income. Because you are not paying medical premiums in these pay periods, the gross amount of your income that is subject to taxes will increase which may change your tax withholdings slightly. However, you will still see an increase in your net pay.

Whom do I contact if I have questions?

For questions regarding the medical premium holiday or your health insurance benefit, please contact Human Resources at 703-619-8010, or via email at hrcbenefits@acps.k12.va.us.