

Vermont Department of Labor  
Health Care Contribution Reporting  
[www.labor.vermont.gov](http://www.labor.vermont.gov)  
802-828-4344

**Please read ALL information carefully to insure proper reporting.**

June 7, 2007

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CHECK-WRITE PAYROLL SERVICE



Please excuse the timing of this notice. It results from changes made late in the 2007 Legislative session, along with a few interpretational updates. **Please read all information carefully**, as it impacts the mandated Health Care reporting required with the filing of the second quarter 2007 report that must be filed by July 31, 2007.

The **only employees** considered for inclusion in the FTE calculation are those who have performed "services" as defined under the UC laws. These are the same employees currently being reported on the upper portion of the Quarterly Wage and Contribution C-101 report. As such, **hours worked** by Vermont employees, whose wages are reportable to another state, would be excluded from the FTE calculation.

Contained in this mailing is the Department's **NEW Declaration of Coverage** form. In the future, **this form** must be completed annually by employees who are not enrolled in a Health Care plan offered by their employer, which would provide both hospital and physician services. If you have already had your employees complete the previously developed "sample" form, it will not be necessary for them to complete this new form until the next annual recertification. However, all "**seasonal**" or "**part-time**" employees (defined within) **MUST** complete the NEW Declaration of Coverage form.

A "**seasonal**" employee is: An employee who: 1) works for an employer who offers to pay a portion of a health care plan to ALL of its full-time employees; and, 2) works an average of 30 or more hours per week; and, 3) works 20 or fewer weeks, in a job scheduled to last 20 weeks or less in a calendar year; and, 4) has health care coverage from another source other than VHAP or Medicaid.

A "**part-time**" employee is: An employee who: 1) works for an employer who offers to pay a portion of a health care plan to ALL of its full-time employees; and, 2) works less than an average of 30 hours per week, or fewer than a total of 390 hours in a calendar quarter; and, 3) has health care coverage from another source other than VHAP or Medicaid.

With the passage of H.229 introduced during the 2007 Legislative session, all hours worked by "seasonal" or "part-time" employees (who meet the definitions set forth above) shall be EXCLUDED from the FTE calculation. However, please keep in mind the reporting exclusion changes if: 1) a "seasonal" employee works 21 or more weeks; or, a "part-time" employee works more than 389 hours during the reporting quarter. Further information about this reporting is provided on the enclosed HC-3 form.

**Please retain the HC-3 form**, which provides detailed instructions for completing Health Care Contribution Worksheet, (Form HC-1). This will be the **ONLY** copy mailed to you until future updates are needed.

The **Health Care Contribution Worksheet** has also been modified slightly. The updated form will be mailed to you in a couple of weeks with the 2/07 report; an advance copy can be downloaded off our website. Each quarter the worksheet will be mailed with the C-101. It will be your responsibility to retain it (or the information it contains) for **three** (not four) years. Modifications on HC-1 form are as follows:

- ✓ Reporting lines under Sections I and II have been numbered;
- ✓ “Seasonal” or “part-time” employees who have worked 21 weeks or more (in the case of a seasonal employee) or 390 hours or more (in the case of a part-time employee) will be reported on line 2 of Section II;
- ✓ Form now contains chart of exemptions through June 30, 2010; and
- ✓ In Calculations portion of the form, calculated amount reported on Line B has been renamed to the “**unadjusted**” FTE count and calculated amount on Line C has been renamed to be “**adjusted and reportable**” FTE count.

An **on-line health care calculator** is available on our website. Health care reporting has also been integrated into our Internet C-101 reporting system. If you want to use the Internet system for future C-101 reporting, you must first register on-line. Registration and further information about this application is provided at: <http://labor.vermont.gov/Default.aspx?tabid=430>. After you register, a password will be mailed to you under separate cover or provided on the C-101 report.

All health care **documents, forms, electronic spec, and FAQ** have been updated and posted on our website. Many have found the **Covered/Uncovered tree** helpful in determining FTE reporting.

We have scheduled the **last round of training seminars**. If you wish to attend one of the following seminars, you **MUST** register on-line at <http://labor.vermont.gov/tabid/1164/Default.aspx>. Further details about each seminar is provided through the registration process.

- June 6, 2007 - 2:00 to 4:00 p.m. in Lyndon at the Lyndon State College
- June 15, 2007 - 2:00 to 4:00 p.m. in Burlington at the Sheraton Inn
- June 19, 2007 – 9:00 to 11:00 a.m. in Bennington at the VT Veterans Home
- June 20, 2007 – 9:00 to 11:00 a.m. in Rutland at the Holiday Inn
- June 20, 2007 – 3:00 to 5:00 p.m. Vermont Interactive Television (VIT) sites: Montpelier, Middlebury, Newport, St. Albans, and Springfield
- June 22, 2007 - 9:00 to 1:00 a.m. in Brattleboro at the Eagles Club
- June 22, 2007 – 3:00 to 5:00 p.m. in Bennington at the VT Veterans Home

H.229 also prohibits **discrimination** related to health coverage status. In short, Section 28 of the bill prohibits inquiry into the health coverage status of a job applicant or discriminating in any way among applicants or employees on the basis of health care coverage.

If your “adjusted and reportable” FTE or employee count is **equal to or less than the exemption**, you must report “zero” on C-101 lines 16 and 17; failure to do so will invoke additional processes and potential assessment of penalty.

Thank you for your diligence in reading this lengthy notice. If you have further questions, we encourage you to review the information available on the web (<http://labor.vermont.gov/tabid/1164/Default.aspx>) or call 802-828-4344. We appreciate your patience and collaboration during this transition period.

**Information for Completing Health Care Contribution Worksheet (Form HC-1)**

Every quarter the Vermont Department of Labor will issue a Health Care Contribution Worksheet (Form HC-1). This form, or the information it would contain, must be retained for three years.

**Definitions:**

**Employee:** Any individual, 18 years of age or older for all of a calendar quarter, employed full-time or part-time by an employer to perform services in this state, when such services fall under the definition of employment as that term is defined by section 1301(6) of Title 21 of the Vermont Statutes Annotated, in other words, the same employees you report on the upper portion of the Wage and Contribution C101 report. Hours worked by employees whose "wages" are specifically exempted from UI reporting are also excluded from health care reporting. Examples of exempted wages include but are not limited to: governmental or municipal elected officials; volunteer emergency personnel; and sole proprietors.

**Employer:** Any person who is required under subchapter 4 of chapter 151 of Title 32 of the Vermont Statutes Annotated to withhold income taxes from payments of income with respect to services, but shall not include the United States government.

**Full-time equivalent (FTE):** The number of "uncovered" employees expressed as the number of employee hours worked in Vermont during a calendar quarter divided by 520. No more than one FTE (520 hours) may be assessed against an individual employee, regardless of the actual number of hours worked by that employee during a calendar quarter.

- a) For the purpose of calculating FTEs, the phrase "hours worked during a calendar quarter" means hours worked during all pay periods in that quarter for which gross wages were reported as paid, **up to 520 hours, per employee, per quarter.**
- b) An FTE shall not include any employee hours attributable to a "seasonal" or "part-time" employee.

**Seasonal employee:** An employee who: 1) works for an employer who offers to pay a portion of a health care plan to ALL of its full-time employees; and, 2) works an average of 30 or more hours per week; and, 3) works 20 or fewer weeks, in a job scheduled to last 20 weeks or less in a calendar **year**; and 4) has health care coverage from another source other than VHAP or Medicaid.

**Part-time employee:** An employee who: 1) works for an employer who offers to pay a portion of a health care plan to ALL of its full-time employees; and, 2) works less than an average of 30 hours per week, or fewer than a total of 390 hours in a calendar **quarter**; and, 3) has health care coverage from another source other than VHAP or Medicaid.

**Uncovered Employee:**

- a) An employee of an employer who does not offer to pay any part of the cost of health care coverage\* for its employees. (\*Coverage must include hospital and physician services.)
- b) An employee who is not eligible for the health care coverage offered by the employer; or
- c) An employee who is offered and is eligible for coverage by the employer, but elects not to accept the coverage and has no other health care coverage under either a private or public plan; or
- d) A "seasonal" or "part-time" employee who has VHAP, Medicaid, or no coverage, or has worked 21 weeks or more (in the case of a seasonal employee), or has worked 390 hours or more (in the case of a part-time employee).
- e) An employee who declines the employer's offer of health care coverage and the employer has no declaration of health care coverage.

**Health Care Coverage:** Catamount Health Care, Medicare, Medicaid, the Vermont Health Access Plan (VHAP), or private insurance or employer-sponsored plan that **INCLUDES** both hospital and physician services.

**Important Reporting Details:**

- **NOTHING** has changed with the reporting of information related to Unemployment Insurance. Reporting data on the upper portion of the Quarterly Wage and Contribution C-101 remains the same. The following information **ONLY** relates to determining data ultimately reported on Quarterly Wage and Contribution C-101 Report, Lines 16 and 17.
- Reporting is based on "uncovered" employees, who were 18 for the entire quarter, whose gross wages were reported on the upper portion of the C-101 report during the reporting quarter.
- Health Care Contributions are based on the Full-Time Equivalent (FTE) of hours worked in Vermont by "uncovered" employees during the reporting quarter. Hours representing work performed in another state may be omitted from the "uncovered" FTE calculations.
- FTE calculation is based on hours **WORKED** in Vermont. Hours representing non-worked hours, such as vacation pay, paid unworked holiday, or sick pay, may be omitted from the FTE calculations.

- Hours worked by “uncovered” employees should be accumulated throughout the quarter, capping total hours at 520, for EACH employee, PER quarter.
- If an employee has health care coverage at any point during the reporting quarter, the employee is excluded from the FTE calculations for the ENTIRE quarter.
- Employees, who are enrolled in the health care plan their employer offers to pay a portion of, would be EXCLUDED from the FTE calculations during the reporting quarter.
- An employee who is “eligible” AND “enrolled” in a health care plan, but is not actually covered until a subsequent quarter, shall be considered to have health care coverage, provided such intervening period is not longer than six months. This situation is NOT a customary probationary period as, generally speaking, employees in a probationary period are neither eligible nor able to enroll in a health care plan. As such, employees in a probationary period would be considered “uncovered”, unless they obtain health care coverage before the end of the reporting quarter.
- All hours worked during the reporting quarter by “seasonal” employees, who work their 21<sup>st</sup> week, will be included in the “uncovered” FTE calculation during the quarter the 21<sup>st</sup> week was worked and for each quarter thereafter during the calendar year.
- All hours worked by a “part-time” employee, who worked 390 hours or more during a calendar quarter, will be included in the “uncovered” FTE calculation.
- Declaration of Coverage forms only need to be completed by employees of an employer who offers to pay a portion of a health care plan, when such employee is 1) eligible for and has opted out of the plan, or 2) is a “seasonal” or “part-time” employee not currently enrolled in the employer’s plan.
- The “portion” of Health Care Coverage plan the employer must pay is not defined.

### **Completion of Health Care Contribution Worksheet – Form HC-1**

**Data for reporting on C-101 lines 16 and 17 will be determined by completion of the Form HC-1. If there is no Health Care FTE or Contributions due, zeros must be reported on C-101 lines 16 and 17.**

**Section I:** Employers who do not offer to pay a portion of health care plan for ANY of its employees will use this section for reporting. Enter the total number of hours worked by ALL employees on line 1 in Section I and then proceed to “Calculations”.

**Section II:** This section is split into two categories.

**Line 1 of Section II** is used for reporting the number of hours worked by all employees, who were offered and are eligible for coverage, but elect not to accept the coverage and have indicated on the Declaration of Coverage form that they have no other health care coverage.

**Line 2 of Section II** is used for reporting the number of hours worked by all employees who are not eligible for health care coverage offered. Ineligible situations could include, but are not limited to: health care not available due to pre-existing health condition or employee is in probationary period. You should also report on this line the total number of hours worked by all “seasonal” or “part-time” employees who: 1) do not have health care; or, 2) have VHAP or Medicaid; or, 3) have worked over the hours/time period allowable to be classified as a “seasonal” or “part-time” employee.

### **Calculations:**

**Line A:** Enter the grand total of hours worked by all “uncovered” employees indicated in Section I or II. If grand total is a partial hour, round down to the nearest hour.

**Line B:** To determine the **unadjusted** FTE count, divide Line A total by 520. Again, if total is a partial number, round down to the nearest whole number.

**Line C:** To determine the **adjusted and reportable** FTE count, subtract the number of exempted \* employees from Line B. If results are equal to or below zero, you MUST report zero on Line C and Line 16 of the Quarterly Wage and Contribution C-101 Report. \* Exemptions are indicated on the HC-1 form mailed with the C-101 report for the reporting quarter.

**Line D:** To determine the amount of Health Care Contribution, multiply the **adjusted** FTE count indicated on Line C by **the amount indicated on the HC-1 form** mailed with the Quarterly Wage & Contribution C-101 report for the reporting quarter. If result is zero, you MUST report zero on Line D and Line 17 of the Quarterly Wage and Contribution C-101 Report.

If you have questions about this reporting, please refer to information provided on our website at: [www.labor.vermont.gov](http://www.labor.vermont.gov), contact your local VDOL Field Representative, or call Employer Services at 802-828-4344.