

February 27, 2025, HBR Alert!



Salary-Based Premium Information Action Required

The State Health Plan (Plan) is facing a \$507 million deficit which we are actively working to close. The Plan will be forced to make some hard decisions as we look ahead to 2026, which may include raising premiums for the first time in 7 years for our active, full-time permanent members. Implementing salary-based premiums allows us to minimize the impact on lower salaried employees.

The Plan's Board of Trustees recently voted to approve the Plan's ability to move forward with salary-based premiums. Implementing that strategy will require extra steps at the group and Plan level. As a reminder, premium rates have not been set and will not be available until later this summer. The Plan will continue to have rate sheets available to document the premiums due. The board's vote only approved the *ability* to implement this approach, not the number of salary bands or the premium amounts.

This effort will require technical changes for groups that have payroll integration with the Plan. For groups without payroll integration, there will be additional manual work needed to ensure all employees have the correct salary information in eBenefits prior to the start of Open Enrollment as well as ongoing updates. To ensure we are communicating requirements to the correct staff at each group, the Plan needs you to respond by April 1 with the contacts for this implementation.

If groups do not respond and salaries are not loaded into eBenefits by the deadline, employees will be defaulted to the second highest salary band, so it is important that action is taken.

[Click here](#) to complete this request for the information form so the Plan understands who the designated person within your group is responsible for implementing salary banded rates. This form will also serve as your group's acknowledgement and agreement of this effort.

Open Enrollment will take place **October 13, 2025 – October 31, 2025**, which means, your employees will see their premium rate displayed in eBenefits during Open Enrollment. To make that happen, the following has to take place:

- Groups must load salary information into eBenefits by **September 1, 2025**. This information is housed in the “Manage Employees” section of eBenefits.
- For 2026, the employee premium rate will be based on the salary loaded in eBenefits at the start of Open Enrollment. The intent is to lock the salary in for the entire plan year, unless the employee has a change to part-time status. Unfortunately, not all the codes will be in place at the time of go-live; therefore, during the first quarter of 2026, any change to salary that impacts the salary band, will impact the premium rate. More information about how to manage this change will be forthcoming.
- While most groups utilize the Plan’s direct bill services for employees on Leave of Absence (LOA), others manage LOA premium collection on their own. For groups that manage LOA on their own, there will be no change to the premium rate when a member goes on LOA – fully paid (employee responsible for 100% of the premium). The reason the rate will not change is that the Plan is not aware of the LOA, because the group keeps the employee in a full-time employee status. There will just be one 100% rate for employees that are directly billed by the Plan for their premiums. Employees on LOA that are only responsible for their portion of the premium, will be invoiced based on the salary band at the start of the LOA.
- 12-Month RIF subscribers’ rate will be based on their salary at the time of their employment termination.

The Plan would like to thank you in advance for your support with this process. We understand the work involved and appreciate your due diligence in serving your employees.

