

March 3, 2025, HBR Alert!



Salary-Based Premium Information Clarification

The State Health Plan has received a lot of questions about last week's [HBR Alert](#) on salary-based premiums. Below is some clarifying information as well as some FAQs to assist you with understanding this initiative.

- **Approved:** The Plan's Board of Trustee's (BOT) approved the ability to move forward with implementing salary based premium rates effective January 1, 2026, at the [February 7, 2025, BOT Meeting](#).
- **Salary Based Rates** will apply to the employee only rate. The dependent rate structure (Employee/Spouse, Employee/Children, Employee/Family) *will not change*.
- **Premium Rates** will not be finalized until late summer.
- **Salary Band assignment** will be based on the employee's total base pay.
- **Groups** must have the employees' base salaries entered in eBenefits by September 1, 2025.
- **Default Band:** If a group does not load a salary for an employee, the employee will be defaulted to the second highest salary band.

The Plan has received several inquiries about implementing payroll integration with eBenefits. Groups interested in this option should review the [Plan's Rule on Employing Unit Payroll Integration](#) for more information about that option. If it seems like a good fit, please email HBRInquiries@nctreasurer.com for more information.

That decision would need to be made in March to ensure it could be implemented in time for Open Enrollment. As a reminder, while this option removes much of the manual work associated with managing enrollment, it also

requires more technical resources not only during implementation, but throughout the year.

Frequently Asked Questions:

What are salary-based premiums?

- Salary-based premiums are based on the annualized total base salary for a full-time employee.

What employees are subject to the salary- based premiums?

- All employees with a full-time employment status are subject the salary-base premiums. Employees in a part-time or job share are **not subject** to salary-based premiums. Part-time and job share employees will have a separate flat rate.

Are HDHP eligible employees subject to salary-based premium?

- **No**, employees eligible for the HDHP are not subject to salary-based premiums.

What about employee's who are in a Reduction in Force (RIF) status?

- 12-Month RIF subscribers' rate will be based on their salary at the time of their termination.

What is the salary ranges for each band?

- **Salary bands have not been finalized.** The Plan will communicate those as soon as they are available. Make sure you stay up to date by signing up for the [HBR Updates and Alerts](#) and visiting the State Health Plan's [HBR page](#).

What are the employee premiums for the bands of the salary-based premiums?

- **Premium rates have not been finalized.** The Plan will communicate those as soon as they are available, which will likely be later this summer. The Plan will also continue to have rate sheets available on the [Plan's website](#).

Will employees know what their premium is before electing benefits?

- The Plan will continue to post rate sheets on the [Plan's website](#). Employees will see their premium rate displayed in eBenefits when electing benefits for 2026. The rate will also be included on the enrollment confirmation statement for those that call into to enroll. Employees will

receive an Open Enrollment Decision guide that will include any benefit changes and premiums prior to Open Enrollment.

At what point will the employee's salary be 'locked in'?

- 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.

Is there time to implement a payroll integration prior to 2026 open enrollment?

- Please review the Plan's [Rule on Employing Unit Payroll Integration](#). If your group meets the requirements to become a payroll group, please email HBRInquiries@nctreasurer.com with the number of employees and the technical resource(s) emails. If the Employing Unit meets the minimum requirements the Plan will contact the group for further discussions.

Will the Plan provide additional guidance on this process?

- Yes. Make sure you stay up to date by signing up for the [HBR Updates and Alerts](#) and visiting the State Health Plan's [HBR page](#). There are plans to host several webinars. Stay tuned for more information.

Will there be any Premium Wellness Credits (like the \$60 Tobacco User Attestation Credit) for 2026?

- The Plan's BOT approved discontinuing the \$60 tobacco surcharge and the associated Premium Wellness Credit. At this time, there are no additional Premium Wellness Credits planned for 2026.

What about employees who go on a Leave of Absence (LOA)?

- There is **no** impact to employees that go on LOA when the employer is still paying the employer share of the premium. The employee will continue to pay the same premium they had while in a full-time employee status. The impact on employees who go on LOA that are fully responsible for the premium varies depending on how the groups manages premium collection.
 - **Employer Billed:** While most groups utilize the Plan's direct bill services for employees on 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 invoiced to the group because the employee remains in an employee full-time status in

eBenefits. Therefore, the Plan is not aware of the LOA, so the rate will not change.

- **Plan Billed:** There will just be one 100% rate for employees that are directly billed by the Plan for their premiums. Once the employment status is updated to LOA – Fully Paid, the LOA Fully Paid rate will be invoiced for the following month and continue until the employee is returned to a full-time employee status.

If you haven't already, please [CLICK HERE](#) to update your group's contact information for the salary-based premium implementation initiative.

