


# MANAGEMENT DIRECTIVE

## Commonwealth of Pennsylvania Governor's Office

<b>Subject:</b> Benefit Rights of Furloughed Employees	<b>Number:</b> 530.18 Amended
<b>Date:</b>  May 10, 2016	<b>By Direction of:</b>  Sharon P. Minnich, Secretary of Administration
<b>Contact Agency:</b> Office of Administration, Office for Human Resources and Management, Bureau of Employee Benefits and Services, Telephone 717.787.9872	

**This directive establishes policy, responsibilities, and procedures for processing group insurance and absence benefits for furloughed employees and employees rehired after furlough. This amendment updates the policies and processing procedures. Marginal dots are excluded due to major changes.**

1. **PURPOSE.** To establish policy, responsibilities, and procedures for processing group insurance and absence benefits for furloughed employees and employees rehired after furlough.
2. **SCOPE.** This directive applies to employees of all departments, boards, commissions, and councils (hereinafter referred to as the commonwealth). **NOTE:** Health Insurance provisions for State Police enlisted personnel are set forth in *Manual 530.15, State Police Health Program/State Police Supplemental Benefits Program Administrative Manual*.
3. **OBJECTIVE.** To ensure that furlougees receive all benefits which they are entitled to receive upon furlough and subsequent rehire.
4. **DEFINITIONS.**
  - a. **Break in Employment.** A voluntary or involuntary interruption in an individual's employment with the commonwealth. A break in employment may be caused by such events as retirement, resignation, furlough, death, or involuntary separation. The term **does not** include leaves without pay of any kind, legal strike absences, suspensions, or transfers, regardless of their duration.

- b. **Consolidated Omnibus Budget Reconciliation Act (COBRA) Continuation Coverage.** Health care coverage available to furloughees and eligible dependents upon furlough. Coverage is equal to the type of coverage the employee had immediately prior to furlough. The cost of the coverage is paid by the furloughee. Coverage is available while on furlough for a period of 18 months provided federal requirements are met.
- c. **Furlough.** The removal of an employee from his or her civil service or union covered position for reasons other than misconduct, work performance or an improper appointment under the Civil Service Act.
- d. **Furloughee.** An employee who is removed from his or her civil service or union covered position for reasons other than misconduct, work performance or an improper appointment under the Civil Service Act and who meets one of the following criteria;
  - (1) Is on a furlough recall list as prescribed in the appropriate labor agreement; or
  - (2) Held a civil service covered, non-represented position when furloughed and the individual remains on a mandatory or optional reemployment list.
- e. **Mandatory Reemployment List.** A list established for the furloughing appointing authority that contains the names of furloughees from a given job title in that appointing authority. It is valid for one year from date of furlough and is established according to furloughees' availability.
- f. **Optional Reemployment List.** A list established for use by all appointing authorities that contains the names of furloughees and the job title from which furloughed, as well as all equal and lower level job titles for which qualified. It is valid for one year from the date of furlough and is established according to furloughee's availability.
- g. **Termination.** A break in employment of more than 14 calendar days. The effective date of termination will be the date the initial break in employment occurred.

## 5. POLICY.

### a. Group Insurance.

- (1) When an employee is furloughed, group insurance benefits end as follows:
  - (a) **Group Life Insurance.** Coverage ends on the first of the month following the month in which the employee is furloughed. The furloughee has the right to convert his or her group life insurance coverage to an individual policy in a form other than term life insurance.
  - (b) **Medical, Prescription Drug, and Supplemental Benefits.** Coverage ceases at 11:59 p.m. on the effective date of the furlough. A furloughee has the right to elect *COBRA* continuation coverage, if eligible.

- (2) With certain exceptions, an employee furloughed from a permanent position who is reemployed by the commonwealth in a temporary position, while still a furlougee, is to be defined as permanent and is eligible for all benefits accrued by permanent employees provided all applicable eligibility requirements are met. (For a description of the exceptions and other applicable eligibility requirements, see *Management Directive 530.11, Benefit Rights of Permanent and Nonpermanent Employees.*)
- (3) Furlougees who are reemployed by the commonwealth, within their recall period or while their mandatory or optional reemployment rights under the *Civil Service Act* remain in effect, are eligible for waiver of group insurance waiting periods as follows:
  - (a) **Group Life Insurance.** No new waiting period is required if a furlougee's group life insurance coverage was effective prior to the date of furlough. If a furlougee was in his or her waiting period prior to the date of furlough, he or she will receive credit for the portion of the waiting period that was previously satisfied.
  - (b) **Medical Benefits.** There is no waiting period for medical benefits. A furlougee who was originally hired prior to August 1, 2003 will continue to be treated as a pre-August 1, 2003 hire under the eligibility provisions as prescribed in the PEBTF Plan Document
  - (c) **Prescription Drug Benefits.** No new waiting period is required if a furlougee was eligible for prescription drug benefits with no buy-up prior to the date of the furlough. If a furlougee was in his or her waiting period prior to the date of furlough, he or she will receive credit for the portion of the waiting period that was previously satisfied.
  - (d) **Supplemental Benefits.** No new waiting period is required if a furlougee was eligible for supplemental benefits prior to the date of furlough. If a furlougee was in his or her waiting period prior to the date of furlough, he or she will receive credit for the portion of the waiting period that was previously satisfied.
- (4) The amount of group life insurance for a furlougee who is reemployed while still a furlougee, shall be determined as follows:
  - (a) **Without an Intervening Policy Anniversary Date.** The amount of insurance for an individual furloughed and reemployed during the same calendar year shall be the same amount that was in effect when the furlough occurred.
  - (b) **With an Intervening Policy Anniversary Date.** The amount of insurance for an individual furloughed and reemployed during different calendar years shall be the amount appropriate for the current pay rate of the pay range and step from which the employee was furloughed.

**b. Absences.**

**(1) Initial Furlough.**

- (a) Furloughees who are not reemployed within 14 calendar days of the date of furlough are considered terminated and accrued absence quota balances shall be paid in accordance with appropriate labor agreements or *Management Directive 505.7, Personnel Rules*, and based on the pay rate in effect on the date of furlough. Negative quota balances for furloughees not reemployed within 14 calendar days will be recouped.
- (b) The only exception to 5. b. (1) (a) is that positive sick absence quota will automatically be frozen and annual/combined absence quota balances may be frozen upon receipt of a written request from the furloughee, within 14 calendar days of the furlough date, as provided in appropriate labor agreements or *Management Directive 505.7, Personnel Rules*.

  - 1** Personal, compensatory, and holiday absence quota balances may not be frozen. Such quotas will be paid in accordance with 5. b. (1) (a) above.
  - 2** In no case is quota frozen if the employee is reemployed within 14 calendar days of the date of furlough.
- (c) Frozen annual absence quota will not be paid until requested by the furloughee or the expiration of 36 months following the furlough (or the furlough recall period if longer than 36 months), whichever occurs sooner. Payments of frozen annual or combined quota balances will be made in accordance with 5. b. (1) (a) above.
- (d) In accordance with appropriate labor agreements or *Management Directive 505.7, Personnel Rules*, sick quota is paid only upon notification of qualifying retirement from the State Employees' Retirement System. The retirement must occur on or before 90 days after the expiration of the furlough recall period.

**(2) Reemployment within 36 Months (or the furlough recall period if longer than 36 months) of Furlough Date.**

- (a) Furloughees who have frozen quota and are reemployed within 36 months (or the furlough recall period if longer than 36 months) after the date of furlough will have such frozen quota reinstated for use in the new employment period. Employees may not elect to be paid for such reinstated quota after reemployment.
- (b) Furloughees who are reemployed within 36 months (or the furlough recall period if longer than 36 months) after the date of furlough, whether or not they had elected to freeze quota, shall earn absence quota based on the leave service credit and leave appointment date in effect immediately prior to the date of furlough and the bargaining unit applicable during reemployment.

- (3) **Subsequent Furlough or Separation Following Bumping or Reemployment from Furlough.** When furloughees are reemployed and subsequently terminated within 36 months (or the furlough recall period if longer than 36 months) after the initial date of furlough, due to cessation of temporary employment or subsequent furlough, employees have the option to have quota paid or frozen in accordance with 5. b. (1) above.
- (a) **For pay rates at termination equal to or greater than pay rates at the time of original furlough.** Positive quota balances will be paid in accordance with appropriate labor agreements or *Management Directive 505.7, Personnel Rules*, at the pay rate in effect immediately before termination.
- (b) **For pay rates at termination less than pay rates at the time of original furlough.**
- 1 If positive quota balances at termination are equal to or less than the quota balances at the time of original furlough, payments shall be made in accordance with appropriate labor agreements or *Management Directive 505.7, Personnel Rules*, at the pay rate in effect immediately before the date of original furlough.
- 2 If positive quota balances at termination are greater than the quota balances at the time of original furlough, payments shall be made in accordance with appropriate labor agreements or *Management Directive 505.7, Personnel Rules*. Payment for the quota balances at the time of original furlough shall be at the pay rate in effect immediately before the date of original furlough. Payments for the differences between the quota balances at the time of original furlough and the quota balances at termination shall be at the pay rate in effect immediately before termination.

## 6. RESPONSIBILITIES.

- a. **Agency Human Resources Office** shall notify furloughees of their benefits and leave options.
- b. **Office of Administration, Office for Human Resources and Management, Bureau of Employee Benefits and Services (BEBS)** shall provide advice and counsel for any unusual questions related to furloughee benefits.
- c. **Office of Administration, Office for Human Resources and Management, Bureau of Employee Absences and Safety (BEAS)** shall provide advice and counsel for any unusual questions related to furloughee leave options.
- d. **Office of Administration, Office for Human Resources and Management, HR Service Center** shall provide assistance with transactions related to leave payments.
- e. **Office of Administration, Office for Human Resources and Management, Bureau of Labor Relations** shall provide advice and counsel to BEAS, BEBS and HR Service Center on the proper application of collective bargaining agreement language involving furloughee benefits.

## 7. PROCEDURES.

a. **Procedure 1. Group Insurance. HR Service Center.** Following are procedures to supplement procedures on group insurance as they apply to reemployment of furloughees.

- (1) Identifies furloughee who was terminated and is being reemployed with the commonwealth.
- (2) Counsels the individual on his or her eligibility for group insurance programs and waiver of waiting periods.
- (3) After verifying salary amount in SAP, refers to *Manual 530.3, Group Life Insurance Program Manual* to determine the amount of group life insurance.
- (4) Verifies the amount of group life insurance is correct based upon 5.a. (4)(a) and (b). If incorrect, inputs the PA30 transaction in the SAP HR & Payroll module to include the appropriate group life insurance information on Infotype 0168 – Insurance Plans as a salary override on the insurance coverage tab.
- (5) Uses PEBTF-2 Form to re-enroll employee in one of the PEBTF's medical coverage options if the employee's personal data, including permanent address and/or dependent information has changed.

b. **Procedure 2. Absences. Agency Human Resource Office.**

- (1) Reviews furloughees' quota balances.
- (2) For negative quota balances, changes an appropriate number of paid absences to unpaid absences to offset the negative amount.
- (3) For positive quota balances, informs furloughees of their rights to freeze or be paid for accrued quota. Only positive balances of annual/combined and sick quota can be frozen.
  - (a) After 14 calendar days from the date of furlough, based on the furloughee's election or lack of election to freeze quota, either unlocks the SAP HR & Payroll module Infotype 2012, QSEP subtype record to pay the quota or re-executes the action to freeze quota.
  - (b) After 14 calendar days, if the furloughee elects to freeze quota, authorizes payment via PA61, Infotype 0416 for accrued personal, holiday and compensatory quota. (NOTE: Management and non-represented employees are not entitled to be paid for accrued compensatory quota.)
- (4) For cases where payment must be made at a different rate after subsequent termination or furlough, submits a Help Desk Ticket to complete the transaction.

**This directive replaces, in its entirety, *Management Directive 530.18*, dated August 27, 2009.**