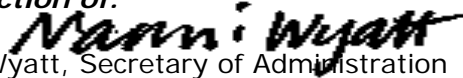


MANAGEMENT DIRECTIVE

Commonwealth of Pennsylvania Governor's Office

Subject: Benefit Rights of Furloughed Employees	Number: 530.18 Amended
Date: August 27, 2009	By Direction of:  Naomi Wyatt, Secretary of Administration
Contact Agency: PA Office of Administration, Office of 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 determining group insurance, absence benefits and rehire of furloughed commonwealth employees.
- 2. SCOPE.** Applies to employees in agencies under the Governor's jurisdiction and, as appropriate, to other executive agencies, boards, and commissions. NOTE: Hospital/Medical and Supplemental 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 to which they are entitled to receive upon furlough and subsequent rehire.
- 4. DEFINITIONS.**
 - a. Consolidated Omnibus Budget Reconciliation Act (COBRA) Continuation Coverage.** Health care coverage available to an employee 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 furlougee. Coverage is available while on furlough for a period of 18 months provided federal requirements are met. (For further details, see the *Pennsylvania Employees Benefit Trust Fund Administrative Procedures Manual*.)

- b. **Date of furlough.** The date an employee is removed from his or her position due to lack of work or funds.
- c. **Furlougee.** An employee who is removed from his or her position due to lack of work or funds; and who:
 - (1) is on a furlough recall list as prescribed in the appropriate labor agreement; or
 - (2) is within 36 months of the date of furlough if not subject to the recall provisions of a labor agreement.
- d. **Termination.** A break in employment (as defined in [Management Directive 505.7, Personnel Rules](#)) of more than 14 calendar days. The effective date of termination is the date of furlough.

5. POLICY.

a. Group Insurance.

- (1) When an employee is furloughed, group insurance benefits end as follows:
 - (a) **Group Life Insurance.** Coverage ceases at the end of the month following the month in which the furlough occurs. The employee then 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) **Health Benefits.** Coverage for health benefits provided by the Pennsylvania Employees Benefit Trust Fund (PEBTF) the Preferred Provider Organization and Health Maintenance Organization ends on the last day worked. A furlougee has the right to elect *COBRA* continuation coverage, if eligible.
 - (c) **Supplemental Health Insurance Benefits.** The trustees of the appropriate fund determine if and when coverage will cease. Supplemental benefits provided by the PEBTF end on the last day worked. A furlougee 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, while still a furlougee, in a temporary position 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) A furlougee who is reemployed by the commonwealth, while still a furlougee, is eligible for waiver of group insurance waiting periods as follows:
- (a) **Group Life Insurance.** No new waiting period is required if an employee's group life insurance coverage was effective prior to the date of furlough. If an employee 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) **Supplemental Health Insurance Benefits.** The trustees of the appropriate fund determine if the waiting period may be waived. No new waiting period is required if an employee was eligible for supplemental benefits provided by the PEBTF prior to termination. If an employee was in his or her waiting period prior to termination, 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) Furlougees 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 furlougees 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 furlougee, 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 furlougee 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) Furlougees 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) Furlougees 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 furlougees 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 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 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 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 Resource Office** notifies furloughees of their benefits and leave options.
- b. **PA Office of Administration, Office of Human Resources and Management, Bureau of Employee Benefits and Services** provides advice and counsel for any unusual questions related to furloughee benefits.
- c. **PA Office of Administration, Office of Human Resources and Management, Bureau of Systems, Policy and Program Planning, Operations Division** provides assistance with transactions related to leave payments.

7. PROCEDURES.

Procedure 1. Group Insurance. Following are procedures to supplement those on group insurance as they apply to employment of furloughees.

- a. **Agency Human Resource Office.**
 - (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) Refers to [Manual 530.3, Group Life Insurance Program Administrative 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 Software Applications Product System (SAP) to include the appropriate group life insurance information on Infotype 0168 – Insurance Plans as a salary override on the insurance coverage tab.
- (5) Uses Form PEBTF-2 to reenroll 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.

Procedure 2. Absences.

a. 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 employee's election or lack of election to freeze quota, either unlocks the SAP Infotype 2012, QSEP subtype record to pay the quota or re-executes the action to freeze quota.
 - (b) After 14 calendar days, if the furlougee 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 Central Services Ticket (CST) to complete the transaction.

This directive replaces, in its entirety, *Management Directive 530.18*, dated October 12, 1994.