Benefits

Section 125 Premium Conversion Plan

Marshfield Clinic’s Premium Conversion Plan was established to let you pay your health and/or dental insurance premiums with pretax dollars. This summarizes the benefits, rights and obligations you have under the Premium Conversion Plan as in effect on April, 2018. This is not a complete statement of all terms of the Plan. In any case in which there is a conflict between this description and the Plan document, the Plan document will govern. We hope you will find this information helpful. If you have any questions after reading this summary, please call Human Resources at ext. 7-5254 or 715-387-5254.

What is a Premium Conversion Plan

Section 125 of the Internal Revenue Code allows you to convert salary into non-taxable benefits. You can pay for your portion of your Marshfield Clinic health and/or dental plan premium with pretax dollars. By paying these premiums before you pay taxes, you lower your taxable income, which means you pay less taxes. Paying less taxes usually results in more spendable income.

Will your participation affect your Social Security benefits

Yes, a reduction in FICA contributions may cause a reduction in Social Security retirement and/or disability benefits.

Do you have to participate

Electing to participate in a Marshfield Clinic group health and/or dental plan you are electing to participate in the Premium Conversion Plan. Your share of the premiums will be paid on a pre-tax basis. By electing the Medical and/or Dental Insurance Plans you agree to a salary reduction to pay for your share of the cost of coverage (also known as contributions) with pre-tax funds instead of receiving a corresponding amount of your regular pay that would otherwise be subject to taxes. From then on, you must pay a contribution for such coverage by having that portion deducted from each paycheck on a pre-tax basis.

When can you enroll

The effective date of your Premium Conversion election will coincide with the effective date of your group health and/or dental insurance plan(s). Newly eligible employees have 31 days following their date of eligibility (start date, benefit eligibility date or life changing event) to enroll. The effective date will be the first of the month following start/benefit eligibility date or date of life changing event. Health and/or dental insurance elections must be completed in Workday within the 31 day enrollment period.

When can you change your enrollment

The Premium Conversion Plan limits when you can change your health and/or dental plan elections. You cannot change your participation at any time during the plan year, except for certain qualified changes in family status or a listed life changing event. Human Resources must be notified and electronic Workday elections completed within 31 days of the life changing event. The election change must be “consistent” with the life changing event. Those changes include:

- Marriage
- Divorce (does not include legal separation)
- Death of a spouse or child
- Birth or adoption of a child
- Reaching lifetime limits
- Exhausting COBRA
- Court judgments, decrees or orders
- Dependent satisfying or ceasing to satisfy dependent eligibility for Marshfield Clinic health and/or dental plans
- Change in Employment Status. Includes employee, employee’s spouse or the employee’s dependent and as a result eligibility is affected. Also, provided coverage is actually elected.
- Employee’s termination of employment or reduction in hours (change in benefit status, i.e. full to part-time) with Marshfield Clinic
- Enrollment into a Marketplace health plan.
• Loss of coverage under other employer or
government plan or entitlement to a government
plan. Exception to 31-day deadline includes 60 days
from loss of Medicaid or SCHIP.
• HIPAA event which allows participant to enroll in
a health plan or (tag along rule applies) switch
health/dental plans. For the purpose of switching
plans life changing events include: marriage,
divorce, birth/adoptive, death, dependent losing or
re-acquiring eligibility, spouse/dependent moving
into or out of the PPO service area, termination or
loss of other coverage, court order, reaching lifetime
limits or exhausting COBRA.
• Employee’s other employment, i.e. commencement
or to a benefited status – coverage must be elected
• FMLA leave of absence
• During spouse or dependents’ annual re-enrollment/
late enrollee season. Health and/or dental insurance
may be dropped. May enroll in Marshfield Clinic’s
group health plan. Dental insurance is not available.
• Change in Other Employer’s Plan Coverage; as a
result may cancel Marshfield Clinic group coverage.
Includes employee, employee’s spouse or the
employee’s dependent and provided coverage is
actually elected.

Note:
• Election change must be consistent with the life
changing event.
• Gaining of coverage other than employer coverage
does NOT allow an election change, e.g. school
health insurance plan.
• Health and dental plan contracts require electronic
Workday elections to enroll or add family members,
and must be completed within 31 days from most
life changing events.
• Contracts also state that spouses and dependents
who become ineligible are no longer eligible
effective the date of the life changing event. Delays
in completing the electronic Workday election to
remove them will NOT extend their coverage.
• Marshfield Clinic Health System Inc. reserves the
right to amend your Section 125 Plan election if
you are a key employee or highly compensated
individual as defined by the IRS, to prevent the plan
from becoming discriminatory within the meaning
of the federal income tax law.

When does coverage end
Eligibility for Premium Conversion Plan continues
through the end of the month in which the participant
and/or family is eligible for Clinic contributions. In
the event of staff reduction and eligible for severance
pay, participation in the Premium Conversion Plan will
continue through the end of the month in which the
participant is eligible for Clinic contributions, not to
exceed the plan year.

How is the Plan administered
Marshfield Clinic Health System, Inc administers
the Plan and is the “plan administrator” as defined
by ERISA. The Clinic has the authority to make the
rules and regulations necessary for the day-to-day
operation of the plan.

Is there anything else I should know
The Clinic fully intends to continue the Plan indefinitely
and to meet any foreseeable situations that may occur.
The Clinic does reserve the right to terminate the Plan
and has the right to amend it. If the Plan is terminated,
the accounts of all members will be 100% vested and
will be distributed according to the Plan document.

Other important names
and addresses
Name of Plan sponsor:
The Plan is sponsored by Marshfield Clinic Health
System, Inc., Marshfield, WI 54449. The Internal
Revenue Service has assigned to the Clinic
employer identification number 46-1495343.

Agent for service of legal process:
Chief Human Resources Officer, Marshfield Clinic,
Marshfield, WI 54449