

NACO CASH IN LIEU PROGRAM

NACO
ENDORSED

What is Cash In Lieu?

Cash in Lieu (CIL) is a plan designed specifically for members of NACO by First Concord Benefits Group to help decrease benefit costs.

How does it work?

State organizations concerned by the rising cost of healthcare and the expense subsequently incurred by their employers often encourage them to adopt a plan offering employees a choice between the employer health plan or receiving a cash equivalent. This plan has been appropriately titled “Cash In Lieu” and is beneficial for employees who are eligible for coverage through another source, such as a spouse’s employer, Medicare, Tricare or other group insurance.

When an organization offers the employee a choice between coverage or taxable compensation, there are certain parameters that must exist in order for the plan to be compliant, but also to avoid taxation of participants who elect to receive health care benefits. FCBG is well versed in making sure these plans are designed and executed in a manner that maximizes each employer’s specifics.

Why is it effective?

An employer providing health insurance benefits to their employees could have multiple generations of workers on the payroll, as employees 65 and over choose to remain on the job. This can result in high claims experience for a company, which may contribute to higher premiums overall. When combined with rising health care costs, finding cost-effective solutions can be challenging.

CIL has proven to be an effective option for employers. The employer benefits from not paying premiums while the employee receives compensation for his or her benefit package. In addition, CIL complements the existing healthcare structure, reduces demands on staff and significantly improves the business bottom line.

**ratio tests performed by First Concord Benefits Group will determine whether an organization is eligible for these types of plans.*

DESIGN THE BEST PLAN FOR YOUR ORGANIZATION

From varied benefit plans to complex business solutions, we consider your business structure as a whole, and work to implement lean programs which decrease cost and increase revenue.

First Concord Benefits Group is proud to be endorsed by NACO to provide all members with Section 125 and administrative services.

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NACO CASH IN LIEU - QUESTIONS AND ANSWERS

Q: What is the Cash In Lieu (CIL) Option?

A: If you have health coverage through your spouse's employer, Medicare or insurance other than an individual policy, you may waive health coverage and in return receive a taxable amount of cash each month called "Cash In Lieu."

Q: Who is Eligible?

A: To be eligible for this option, you must be an active full time employee of the County.

Q: Can the CIL amount change from year to year?

A: Yes, it can and often does.

Q: Is the CIL payment a pre-taxed benefit?

A: No. Cash received by the employee is taxable income and subject to tax withholdings and employment taxes.

Q: I am 65+ and need and assistance enrolling in Medicare. Who can help me with this?

A: FCBG will assist your employees in answering their questions, enrolling them in Medicare Part B and providing Medicare part D coverage and a Medicare Supplement policy.

Q: When may I enroll?

A: Each year you will have the opportunity to enroll in your health plan or take the cash during your plans open enrollment period. For a newly hired employee, selecting the CIL option may be done when enrolling for benefits. For those age 65+, a special enrollment is allowed at the time you leave your employer plan.

Q: May I change my mind?

A: Re-enrollment in the plan will be allowed if you experience a qualifying family status change (marriage, death, birth, or loss of coverage) during the annual open enrollment period. A request for a change in enrollment must be made within 30 calendar days following the qualifying event.

Q: I am 65+ years of age. When may I select the CIL option?

A: Employees age 65 and over have a special enrollment period allowing them to avoid a penalty for late enrollment if they have coverage through an employer. This special enrollment begins at the time you elect to discontinue your employer group coverage. At the moment you select CIL, you must also enroll in Medicare Parts A and B. You are then eligible to purchase a Medicare supplement policy and Part D Prescription coverage.

Q: I am under age 65 and wish to join my spouse's health plan. When may I do this?

A: A change to another health plan may occur during the plans open enrollment month or during the year if you incur a qualifying family status change. At this time, you would receive the CIL amount for single coverage or family coverage if you have dependents that are eligible to enroll in the county health plan.

Q: I am under age 65 and my spouse's employer has an open enrollment plan that differs from my plan. May I switch to my spouse's plan at that time?

A: Yes. The plan allows for a mid term election change that corresponds with a spouse's employer's open enrollment period. This allows the employee to drop the county health plan and select the CIL benefit at that time.

Q: As an employee with a spouse, may I receive CIL coverage under the employer group plan and my spouse is covered elsewhere?

A: No. The employee must waive out of the plan prior to CIL being paid.

Q: May I receive CIL payments to purchase individual health insurance?

A: No.