Payment in Lieu – Questions and Answers

This document is a summary of questions around the draft Temporary Exception on Payment in Lieu of Health Insurance. The Department of Administration intends to update this document with responses to additional questions. If you have a question you would like to see answered, please email Admin-Questions@danecounty.gov

Q1: Why is this being done as a temporary exception and not as a part of the handbook?

A1: The process to update the Employee Benefit Handbook appears like it will continue while open enrollment is on-going. In order to have the Payment-in-Lieu option implemented for 2027, a Temporary Exception was necessary.

Q2: Why is this only being done as a pilot?

A2: The payment in lieu was presented as a way for the County to try something new and save on its health insurance expenditures. The County believes that this idea is worth trying but wants to see how effective it is at realizing savings before permanently implementing this option.

Q3: If I am planning to retire at some point during 2027, can I still apply for the Payment-in-Lieu?

A3: Yes, you would still be eligible for the payment-in-lieu. You would be paid the $5,000 benefit pro-rated for the months you were employed and off the county's insurance in 2027.

The Employee Benefit Handbook currently allows retirees who are enrolled in the county insurance at the time of retirement the option to return to County insurance (if they choose) within 10 years post-retirement (employee pays the full cost of premium on their own post-retirement).

If you do not anticipate wanting to return to the County's insurance post-retirement this would not be a concern and you could still take the payment-in-lieu

Q4: I am a part-time employee and not on the County insurance. Can I get the payment-in-lieu?

A4: No, the payment-in-lieu is only being offered to those who are full-time employees.

Q5: I am a full-time employee and I'm already on my spouse's plan through their employer. I've never been on the County's insurance, why am I not included in this temporary exception and eligible for this new benefit?

A5: The payment-in-lieu option was presented as a way for the County to realize savings. Offering an incentive to employees who have not been on the County's insurance would increase expenditures and there is a risk that the County would not realize any savings. To be confident that this option would achieve the savings presented, employees who are currently off of the County's insurance are not eligible for this incentive.

Q6: I'm not on the insurance now (I'm on a spouse's plan). Should I enroll in the County insurance for 2027 coverage so I can then go back on my spouse's plan in 2028 and be eligible for this benefit then?

A6: This is a pilot program for 2027 only. If it works, there will be further discussions in 2027 to determine if we can make it permanent and potentially include employees who have already been off of the County's insurance.

If employees who previously have not been on the County's insurance decide to enroll in the County insurance in an attempt to be eligible for this benefit in 2028, it may end up having the unintended consequence of increasing overall cost and causing the pilot to fail and not be offered in the future.

Q7: Will I get the $5,000 at the beginning of the year? Or how will that be distributed?

A7: No, the $5,000 annual incentive will not be paid as a lump sum at the beginning of 2027. The annual incentive is divided into 12 equal monthly payments of $416.67. The monthly payment will be included in your regular paycheck and will be subject to applicable tax withholdings.

You will receive the $416.67 monthly payment for each month in 2027 that you are eligible for the Payment-in-Lieu program. To be eligible for payment for a given month, you must be both employed by the County and off the County's health insurance for that month.

For example, if you are eligible for the program for only three months, you will receive $416.67 for each of those three months, for a total of $1,250.01.

Q8: I am a County employee and my spouse is a County employee too. We are both on a family plan through me. Can my spouse get the $5,000?

A8: No. The payment-in-lieu does not apply to spouses of Dane County employees, as they are already considered a part of our insurance. The goal of this pilot program is to see if the County can realize enough savings by moving some employees, who have other options available, off of the County's health insurance plan.

Q9: I don't go to the doctor very much. Can I just leave the County insurance and take the $5,000 for the year?

A9: No. The goal is not to have employees relinquish insurance. To qualify for the benefit employees will be asked to attest they have coverage elsewhere (through a spouse, Veteran's Administration, parent's plan, etc.) that meets the minimum essential coverage standards under the Affordable Care Act (ACA).

Q10: My spouse and I are both County employees. We also have an adult child (age 24) on our family plan, but they could get insurance through their own employer. Can we get the $5,000 benefit if our adult child leaves our family plan?

A10: No. This benefit only applies to employees who elect to no longer be enrolled in the County's insurance, not the removal of other family members.

Q11: I don't have an option to take alternate insurance through a spouse but can I leave the County plan, take the $5,000 and get a cheaper plan on the ACA (affordable care act) marketplace?

A11: No. Employers cannot give cash or reimbursements for employees to buy health insurance on the public exchange under the Affordable Care Act. This is why employees who elect this option need to attest that they have alternative minimum essential coverage.

Q12: I'm currently on the County insurance but I'm getting married during 2027 and will then have access to my future-spouse's insurance. I'll need to stay on the County's insurance until I get married in mid-2027. Can I take this benefit mid-year?

A12: Yes. A qualifying event (such as marriage, birth of a child) will open up a 30-day period where you can elect to take this benefit. Your benefit would begin for the months when you are no longer enrolled in the County's health insurance.

Q13: Who does the temporary exception apply to?

A13: It would apply to any Dane County employee who is currently covered by a handbook. This benefit will be discussed separately with those covered by a collective bargaining agreement (such as deputies). The exception also applies to managers and elected officials.

Q14: What if I take this benefit and go on my spouse's plan and then they lose their job (and health insurance) mid-2027?

A14: Loss of other health insurance coverage is a qualifying event that would allow you a 30-day period to re-enroll in the County insurance.

Q15: Can I take the payment-in-lieu and sign up for Medicare?

Q15: No. Medicare is not an alternative group health insurance.

Q16: Why are new employees eligible for the payment-in-lieu

A16: The payment-in-lieu option is designed to achieve saving in the County's health care expenditures. The County is not yet making expenditures on behalf of new employees and so any newly hired employees are eligible for this payment-in-lieu. Please consult the temporary exception for a definition of new employees.

Additional Questions Received

Q17: If I take the incentive and the pilot program is not continued beyond 2027, could I re-enroll in the County's health insurance?

A17: Yes. Employees who take the incentive and leave the County's health insurance could make a different decision during the 2028 open enrollment.

Q18: If each spouse was on an individual plan with the County (perhaps one on the HMO and one on the POS), could one spouse join the other's plan, resulting in one family plan and that be eligible for the incentive?

A18: No. The goal of this pilot program is to see if the County can realize enough savings by moving some employees, who have other options available, off of the County's health insurance plan. To be eligible for the payment-in-lieu employees must waive the County's health insurance plan. Changing options within the County's health insurance does not result in employees waiving health insurance.

Q19: Why is the payment-in-lieu not being offered to part-time employees?

A19: For the purposes of developing a pilot program, it was too complicated to determine an appropriate option for part-time employees and so part-times employees are not included at this time.

Q20: When would the first incentive payment occur?

A20: Health insurance premiums are paid out of the B pay period and the incentive payment would occur at the same time. This means that the first incentive payment will occur on 12/23/26.