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MEMORANDUM

TO: Agency HR Managers

FROM: Kathy Peckardt, Human Resources Director

DATE: July 20, 2011

SUBJECT: Health Insurance Benefit and Retirement Participation Waiting Periods

As you know, the Legislature passed House Bill 2024 in the last Regular Session, which, in addition to other provisions, states that a new state employee hired on or after July 20, 2011 who:

- Is in a benefits-eligible position will be subject to a 90-day waiting period for state employee health insurance benefits; and,
- Meets membership criteria under the Arizona State Retirement System (ASRS) statutes will be eligible for ASRS membership on the 27th week of employment.

The 90-day waiting period for state employee health insurance benefits applies to ALL new employees. Please note that the 27-week retirement participation waiting period is specific to only ASRS. Employees who are eligible for other state retirement plans, e.g., the Public Safety Personnel Retirement System (PSPRS), the Corrections Officer Retirement Plan (CORP), and the Elected Officials' Retirement Plan (EORP), are not subject to the retirement participation waiting period.

We believe it will be critical to properly communicate to new employees that, depending on their health insurance benefit elections, their net pay will be reduced at approximately three months, and, if ASRS eligible, they will see another reduction to their net pay at approximately six months. To assist agencies with this communication process, the standard appointment letter has been revised for your use and can be found in the Online Forms section of the HR Professional website: http://www.hr.az.gov/HR_Professional/HRP_OnlineForms.asp. In addition, the Arizona Department of Administration (ADOA) recently hosted several information sessions; the materials from the sessions have been posted on the Benefit Services Division's web site at: <http://www.benefitoptions.az.gov/liaison/default.asp>. As discussed in these sessions, ADOA has been working with ASRS on strategies and processes to implement the retirement participation waiting period for new ASRS members. Additional information and materials will be issued once they are finalized.

If you should have any questions, please contact my office at (602) 542-7290.

c: Marie Isaacson, Human Resources Deputy Director