Middlebury College
Medical Insurance Opt-Out Payment Policy
Effective 1/1/2026

Purpose

This policy outlines the eligibility requirements and terms under which employees may receive an opt-out payment in lieu of enrolling in the Middlebury College's medical insurance plans. The program is designed to provide employees with choice and flexibility. Employees who are eligible for medical insurance may elect to waive medical coverage and may receive pay in lieu of enrollment.

Eligibility

Active benefits eligible employees may elect to waive medical coverage and receive a one time payment in lieu of enrollment at the end of the calendar year. Employees who have an involuntary employment status change (for example from benefit eligible to no longer eligible) will be eligible for a prorated payment. Employees who are offered coverage per the Affordable Care Act (ACA) requirements are eligible for a full or prorated payment. Employees who voluntarily change coverage (changes made per a life event) throughout the year will not be eligible for the payment. In circumstances where two employee spouses or domestic partners both work at the college and are each enrolled in an individual plan (not on a 2-employee couple family plan), neither employee is eligible for the opt-out unless they provide proof of coverage through an employer other than Middlebury. This is based only on employee enrollment or waived coverage and does not apply if a spouse/domestic partner or family member no longer enrolls in coverage but the employee remains covered.

Requirements

The election to receive opt-out pay in lieu of medical insurance must be made during the annual open enrollment period or as part of the hire or employment status change enrollment period. Employees must waive coverage for the duration of eligibility in the applicable plan year to receive the payment. Voluntary mid-year enrollment or waivers in the medical plan will disqualify the employee from receiving any payment for that plan year.

Eligible employees who waive medical coverage must provide proof of other qualifying medical coverage: Vermont based employees must complete the Declaration of Health Care Coverage (HC2 form); employees not based in Vermont must upload proof of other coverage into Oracle Document Record at the time of waiver. Documentation must be submitted no later than the end of the quarter following the waiver of medical coverage in order to be eligible for the one-time payment.

Benefit Amount and Payment

Eligible employees who waive medical coverage will receive a taxable payment of $1,500 per year through payroll. Payment will be made in one lump sum during the last pay in the plan's calendar year. The payment will be pro-rated for new hires, employment status changes, and ACA eligibility based on the month in which benefits eligibility begins. The payment is considered taxable income and is subject to all applicable payroll taxes and withholdings. Employees must be actively employed at the time of the payment to receive it.