

# City Commission Policy 150

## Retiree Healthcare

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**DEPARTMENT:** City Treasurer-Clerk

**DATE ADOPTED:** March 13, 2013

**DATE OF LAST REVISION:** December 7, 2022

**150.01** **AUTHORITY:** This policy is authorized and adopted by the Tallahassee City Commission on March 13, 2013, and becomes effective immediately upon such adoption.

**150.02** **PURPOSE:** To establish healthcare eligibility and payment procedures for all City of Tallahassee retirees. This policy details both the eligibility requirement which must be met and the appropriate method of payment for the retiree's portion of healthcare costs.

**150.03** **STATEMENT OF POLICY:** It is the policy of the City of Tallahassee to provide Retiree Medical and Voluntary Benefits as described herein. Terms of eligibility are outlined below. The amount or value of any City contribution toward these benefits is at the sole discretion of the City Commission and is subject to change.

**150.04** **EFFECTIVE DATE OF BENEFITS:** The effective date of retiree Medical and Voluntary health benefits will be the first day of the month. The effective date of coverage depends upon the effective date of retirement:

<u>Retirement Effective Date:</u>	<u>Effective Date of Coverage:</u>
After the first day of the month.....	first day of the following month.
The first day of the month.....	Same date as the effective date.

**150.05** **DEFINITIONS AND PROVISIONS:**

- For all sections of this Policy, "Retiree" is defined as any employee terminating employment from the City by Normal Retirement, Early Retirement, or Disability Retirement and beginning to receive a pension benefit payment.
- For all sections of this Policy, "Retirement" is defined as terminating employment from the City by Normal Retirement, Early Retirement, or Disability Retirement and beginning to receive a pension benefit payment.
- "Deferred Retiree" is defined as any terminated employee who has worked sufficient years, or attained sufficient age, that they are eligible to immediately begin receiving a pension benefit from the City of Tallahassee.
- "Long-Term Vested Participant" is defined as any employee who has achieved ten (10) years of service in the City's pension plan but is not yet eligible to receive a pension benefit.
- "Direct Pay" is the City's automatic process for healthcare payments. These are set up as monthly debits to the participant's bank account.
- Retirees may change health insurance plans or add qualifying individuals during "Open Enrollment". Retirees can change coverage outside of "Open Enrollment", only if a qualifying event is experienced. A qualifying event is defined by the Internal Revenue Service as any event that affects your benefits coverage or your dependent's benefit coverage.

- All health insurance deductions will be effective the first day of the month following retirement, retiree's death, employment termination or any other qualifying event as defined by the IRS.
- If a retiree cancels coverage, they will not be allowed to re-join the City's healthcare plan at a future date, unless they can show proof of continuous outside coverage from the date of cancellation of City coverage. Proof of continuous coverage will allow the retiree to resume City healthcare coverage at the current retiree rate.
- When a retiree is eligible for Medicare and is under Capital Health Plan, they must enroll in Medicare Parts A and B to continue in Capital Health Plan's policy.

## 150.06

### **RULES FOR A NEW RETIREE:**

#### **Eligibility:**

An employee will have the option to continue the City of Tallahassee's Group health insurance at retirement. At retirement an employee will have the option to enroll in the City's Group health insurance plan or make unrestricted changes in his health plan; the pension benefit selection process being treated as an "Open Enrollment" period for the prospective retiree. When an employee retires and their spouse or domestic partner is an active permanent city employee, the retired employee will have the option to be covered under the active city employee spouse or active city employee domestic partner's health insurance until they retire. When the spouse or domestic partner retires with the City and the retiree wishes to continue on City health care, the insurance will then be deducted from either one or both city pension benefits, whichever is the most beneficial for the retirees. If the spouse or domestic partner terminates from the City and is ineligible to start pension benefits at that time, the retiree and the spouse or domestic partner will have the option to continue under their City retiree health plan. In the event of divorce or separation the non-retired participant may have the option to continue as described under "health insurance rules for new retiree".

#### **Rates:**

All City of Tallahassee retirees and their covered qualified dependents will pay the reduced City's group retiree rates which will be deducted from the retiree pension benefit. If the pension benefit is lower than the health insurance rate, the retiree may continue the City's group health insurance as a "Direct Pay" and pay the difference between their pension benefit and the reduced retiree rate.

## 150.07

### **RULES FOR DEFERRED RETIREES:**

#### **Eligibility:**

If an employee terminates and is eligible to begin a pension benefit (deferred retiree), but chooses to defer their pension benefit, they will be able to continue the City's health insurance as a "Direct Pay". At the time of termination, the deferred retiree will be able to continue their current plan and coverage or reduce coverage; no new dependents can be added until "Open Enrollment" or a qualifying event occurs. If they cancel their coverage before their pension benefit begins, they will not be able to join/rejoin at a future date, unless they can show proof of continuous outside health insurance coverage up to the City pension benefit begin date.

If the terminated employee has a legal spouse or domestic partner that is a current permanent City employee, the terminated employee will have the option to be covered under the active city employee's health insurance until the active employee terminates or retires. If the active employee terminates and is eligible to continue City Group Health Insurance as "Direct Pay", they will be able to continue their current plan coverage or reduce coverage, no new dependents can be added until "Open Enrollment" or a qualifying event occurs. If either of the terminated employees begin receiving a pension benefit from the city and has been under continuous health insurance, they can refer to health insurance "Rules for a New Retiree" for the rules on eligibility and rates.

**Rates:**

An employee with eligibility to begin a pension benefit at termination, but who chooses to defer their benefit (deferred retiree) will be able to continue City health insurance at the unreduced premium price until pension benefit begins, which rate will then be at the reduced retiree rate. An employee who is eligible to begin pension benefit at termination (deferred retiree) and does not continue City health insurance at time of deferral will be eligible for the reduced retiree rate when City pension benefit begins, provided they have proof of continuous outside health insurance coverage from time of termination up to their City pension benefit begin date.

**150.08**

**RULES FOR LONG-TERM VESTED PARTICIPANTS**

If an employee satisfies the eligibility requirements for a Long-Term Vested participant, the employee can choose to enroll in the City Group Health Insurance at the time of resignation and/or termination. The employee must pay the full premium amount until the employee reaches retirement eligibility. Once enrolled into the City Group Health Insurance Plan, it is the responsibility of the employee to ensure all monthly premiums are paid in a timely manner to avoid cancellation from the policy.

If an employee cancels their coverage at any time prior to reaching retirement eligibility, the employee will not be able to rejoin/re-enroll at a future date.

**Eligibility:**

If an employee terminates and has at least 10 years of service, but is not eligible to begin a pension benefit, they will be eligible to continue the City's health insurance as a "Direct Pay". If they cancel their City health insurance coverage, they will not be able to join/rejoin at a future date. If there is no lapse in the City's health insurance coverage when their pension benefit begins, they will be able to continue the City's health insurance as a deduction from their pension benefit. At the time of termination, the terminated employee will be able to continue their current plan coverage or reduce coverage, no new dependents can be added until "Open Enrollment" or a qualifying event occurs.

If the terminated employee has a legal spouse or domestic partner that is a current permanent City employee, the terminated employee will have the option to be covered under the active city employee's health insurance until the active employee terminates or retires. If the active employee terminates and is eligible to continue City Group Health Insurance as a "Direct Pay", they will be able to continue their current plan coverage or reduce coverage; no new dependents can be added until "Open Enrollment" or a qualifying event occurs. If either of the terminated employees begin receiving a pension benefit from the city and has been under continuous City Group Health Insurance, they can refer to "Health Insurance Rules for a New Retiree" for the rules on eligibility and rates.

**Rates:**

An employee with at least 10 years of service will be able to continue City health insurance at the unreduced premium price until pension benefit begins, which rate will then be at the reduced retiree rate.

**150.09**

**RULES FOR “DIRECT-PAY”**

If an employee or surviving spouse meets the eligibility to become a “Direct-Pay”, it is the responsibility of the participant to ensure monthly payments are paid in a timely manner.

If an employee cancels their coverage at any time prior to reaching retirement eligibility, the employee will not be able to rejoin/re-enroll at a future date.

**150.10**

**RULES FOR RETIREE BENEFICIARIES**

**Eligibility:**

The surviving spouse of a deceased retiree may continue or join the City’s group health insurance at the time of the retiree’s death only if the deceased retiree was enrolled in the City’s group health insurance at the time of death. The surviving spouse, if joining, shall not be subject to the evidence of insurability process and coverage shall be provided without limitations and without waiting periods.

The surviving spouse may cover any qualified dependents only if the dependents were either on the deceased’s City’s group health insurance or the surviving spouses outside health insurance at time of the retiree’s death.

The surviving spouse may not at any time add any new dependents or a new spouse, except in the case of a surviving spouse with an unborn child at the time of a retiree’s death; whereupon the child may be added as a dependent. In the case of an unborn child of the deceased retiree who was not legally married at the time of death, the child will not have the option to be covered under COBRA.

If the surviving spouse passes away and any qualified dependents were covered under the City’s group health insurance at the time of surviving spouse’s death, they will have the option of COBRA.

**Rates:**

If there is a continuing pension benefit for the surviving spouse, they will be eligible for the reduced retiree rate. The surviving spouse may also include any qualified dependents at the reduced retiree rate. If the continuing pension benefit is lower than health insurance rate, the surviving spouse will continue as a “Direct Pay” and pay the difference between their pension benefit and the reduced retiree rate directly to the City.

If there is no continuing pension benefit and the surviving spouse and qualified dependents are currently enrolled in the City’s group health insurance, the surviving spouse can become a “Direct Pay” and pay the unreduced premium directly to the City.

If the pension benefit ends for the surviving spouse by reason other than death, and the surviving spouse and qualified dependents are currently enrolled in the City’s group health insurance the surviving spouse can become a “Direct Pay” and pay the unreduced premium directly to the City.

**150.11****SUNSET PROVISIONS:**

This policy is also subject to sunset review by the City Commission no later than five (5) years from the date of adoptions. Subsequent reviews by the City Commission are to occur no later than five (5) years from the date of the prior review. Revisions will become effective immediately upon City Commission approval.

**150.12****EFFECTIVE DATE:**

This policy shall become effective upon approval by the City Commission