

City of Melrose Voluntary Health Insurance Opt-Out Incentive Program

Updated October, 2018

***** MUST READ *****

Purpose:

The purpose of the Opt Out program is to assist in balancing the budget, meeting fixed costs and retaining jobs and services. It is a voluntary program and it is not considered a benefit for employees. The incentive is designed to lower the City's enrollment numbers resulting in less annual expenses. With this in mind, effective June 29, 2015, Melrose will pay eligible employees enrolled in the City's health insurance program an annual incentive when they opt-out of those plans.

The City reserves the right to alter or eliminate this program at its discretion. If the City decides not to offer the Opt-Out Program in the future, employees will be given an opportunity to re-enroll in the City's health plan if they choose.

Eligible Employees:

- The Opt-Out incentive is available to active employees who are currently enrolled as the insured in the City's health insurance program (not enrolled as a spouse or other dependent).

- Eligible employees are defined as follows:
 - Must have been enrolled in the City's health insurance as the insured for the previous twelve (12) consecutive months, Or
 - New hires at the time of Orientation
 - Employees under the age of 26 years who are enrolled in their parents insurance plan are not eligible
 - Employees whose spouse is a City employee and is covering them under the City Insurance are not eligible

- Changing from a family to individual plan or vice versa will not result in payment of the Opt-Out incentive. Also, if both spouses work for the City, one spouse may not terminate their Individual plan and then join their spouse's family plan.

Extending Qualifying Events for Opt Out Enrollment:

- If an employee has been enrolled in the City's health insurance for 12 months, they can Opt Out during their spouse's Open Enrollment with proof of alternative coverage and proof of the "qualifying event." **GIC will only allow our employees to terminate coverage if it is during "Spouse's Annual Open Enrollment" period.** Opt Out reimbursement starts the same month the spouse's health coverage begins.

- If an employee has been enrolled in the City’s health insurance for 12 months, they can Opt Out during their spouse’s gain of coverage upon start of new employment. The employee must fill out required enrollment paperwork, present proof of alternative coverage with start date and a proof of the type of “qualifying event” and date of “qualifying event”. **GIC will only allow our employees to terminate coverage if their spouse gains new coverage as a result of a new employment.** Opt Out reimbursement starts the same month the spouse’s health coverage begins.

- An employee on military leave can qualify for Opt-Out only when ALL conditions below are met:
 1. An employee’s “unpaid” portion of their military leave falls during the City’s Annual Open Enrollment in April, with a July 1 effective date or during the December Opt Out Open Enrollment for an effective date of January 1.
 2. The employee has been enrolled in the City’s health insurance for 12 months when the unpaid portion of their leave begins.
 3. **The employee contacts HR during** the April or December Open Enrollment notifying us that they are interested in enrolling in Opt Out upon return to Active Employment.
 4. Provided that the employee has met the three conditions listed above, next they need to present proof that they have alternative coverage upon return to Active Employment and fill out the required enrollment paperwork before the start of the last pay period of the first full month of employment.
For example: Employee returns back to active employment on October 16, 2017. They must provide proof of alternative coverage and complete the enrollment paperwork by November 17, 2017 (Friday). Their Opt Out Enrollment will be effective November 1 and the first reimbursement will be paid in the last November paycheck (11/24/17).
 5. Opt Out payments start upon return to paid employment. **There are NO retroactive payments.**

- Eligible employees must not have an outstanding court order or agreement requiring the employee to provide health insurance for the employee’s spouse, ex-spouse, or dependent children, if any.

- If a new hire employee applies for Opt Out and they are divorced with children under 26 years old, they will get the Family Opt Out Incentive.

- If a new hire employee applies for Opt Out and they are divorced without children or their children are over 26 years old, they will get the Individual Opt Out Incentive.

- If the employee disputes the policy, they must present a divorce decree that clearly states that they are required to cover their spouse under their health insurance. This document will then be reviewed by our City Solicitor before a decision is made.

- Employees choosing to opt-out must provide documentation that the insured and any eligible spouses and dependents have enrolled in health insurance elsewhere (see below).

Opt Out Procedures and Policies:

1. An employee must completely remove themselves as either a subscriber or dependent on the City's health plan at the time of enrollment in the Health Insurance Opt-Out Program. A City employee is not eligible for the opt-out incentive where the employee opts-out of their individual health plan, and becomes a dependent on their spouse's plan, when their spouse is also a subscriber on the City's plan. Employees on unpaid leave will not be eligible for the incentive until their return. There is NO retroactive payment.
2. An employee who wishes to enroll in the opt-out program must acknowledge that they have read and agree to comply with the terms and conditions of the City's Opt-Out Program and return the signed acknowledgement to the HR Office by the end of the Open enrollment period. The Acknowledgement form must be re-submitted on an annual basis. The employee must also provide proof of private health insurance coverage, which meets the requirements of Mass Health and The Affordable Care Act to avoid any penalties to the City.
3. Acceptable Proof of Coverage includes:
 - Letter from Spouse's Employer verifying coverage with the name of the plan, plan type (Family or Individual), effective date of coverage and contact information for spouse's employer.
 - OR, Copy of New membership card (for employee and dependents, if applicable) with effective dates clearly shown.
4. Employees enrolled in the Opt-Out Program are still eligible for the Health Flexible Spending Account.
5. The City will pay the Opt-Out incentive via the employees' normal payroll, less any required withholdings. The Opt-Out incentive will not be added to the base pay for employees and will not be used in the computation of overtime nor is the Opt-Out incentive pensionable.
6. The City will pay the following annual incentive amounts on a monthly basis following fiscal year schedule of payments:
 - \$3,000 per year for an individual plan upon proof of other Individual insurance.
 - \$6,500 per year for a family plan upon proof of other Family insurance.
 - Payments will be made in the last paycheck of each month.
 - These amounts will be pro-rated and payment will cease in the event the employee must re-enroll in the City's plan due to a Qualifying Event or their employment with the City ends (termination, resignation, retirement, becomes non-benefit eligible, layoff, Leave of Absence longer than 12 weeks)
7. Enrollment dates for the Opt-Out Incentive and the length of the Opt Out periods are listed below. These dates are **for enrollment purposes only**, not for voluntary termination of participation in the Program.

For current employees:

- **Annual Benefits Open Enrollment in April:** For the 12 month period of 7/1 – 6/30
- November 1- November 30: For the 18 month period of 1/1 – 6/30

For new hires:

- Within first 2 weeks of hire: Effective 1st day of the month after 60 days of initial employment, following the schedule below.

<u>Hire Date:</u>	<u>Opt Out Effective Date:</u>	<u>Opt-Out Period the EE is required to participate</u>
January	April	15 months
February	May	14 months
March	June	13 months
April	July	12 months
May	August	11 months
June	September	10 months
July	October	9 months
August	November	8 months
September	December	7 months
October	January	18 months
November	February	17 months
December	March	16 months

Re-Enrollment Procedures and Policies:

8. If there is a qualifying event in which an employee who has opted-out needs to re-enroll in City’s health insurance, the employee will be allowed to do so as long as it is within 30 days after the qualifying event which includes:
 - You **involuntarily** lose your alternate health coverage through no fault of your own;
 - There is a change in your family status (e.g., marriage, divorce, birth or adoption of a child);
 - The termination of your spouse’s employment, or a reduction of his/her hours, resulting in the loss of your alternate health insurance coverage;
 - Please note that a **qualifying event does not include an increase in premiums or change in plan design** for the alternate plan.

9. If there isn’t a qualifying event, and an employee wants to re-enroll in our health insurance after a **full opt out period** (refer to item 7 for definition), they must enroll during the annual Benefits Open Enrollment in April of that fiscal year with effective date July 1 (in accordance with G.I.C.regulations).

