

CITY OF BUCKLEY, WASHINGTON

RESOLUTION NO. 18-08

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUCKLEY, PIERCE COUNTY, WASHINGTON AMENDING SECTIONS 6.19.02, 6.19.04, 6.20.02, 6.20.03, 6.21.01 AND 6.21.04 OF THE “CITY OF BUCKLEY PERSONNEL POLICY AND ADMINISTRATIVE PROCEDURES MANUAL” TO AMEND INSURANCE BENEFIT PLANS AND ERIP.

WHEREAS, the City Council adopted the most current version of the “City of Buckley Personnel Policy and Administrative Procedures Manual” on December 12, 2017; and

WHEREAS, Section 6.19 provides guidelines for City employees’ Insurance Benefit Plans; however, the policy specifies that in the event of the employee’s retirement, divorce, separation or death, employees may be eligible for up to thirty-six (36) months for the employee and/or qualified beneficiary for continuing health care coverage under COBRA; and

WHEREAS, the City provides health insurance to its employees through the Association of Washington Cities Employee Benefit Trust; and

WHEREAS, the City also provides an Early Retirement Incentive Program (ERIP) for eligible employees under Section 6.20 for up to the full thirty-six (36) months as provided under the COBRA provisions of Section 6.19;

WHEREAS, AWC’s Employee Benefit Trust only allows for 18 months of coverage under COBRA at the same benefit level; and

WHEREAS, AWC’s Employee Benefit Trust does have medical retiree plans for continued coverage beyond the 18 months, at significantly reduced coverage and without a comparable dental plan; and

WHEREAS, in order to continue to provide the option of up to 36 months of continuing healthcare, the City would have to transition the employee to a retiree medical plan after the 18 months have expired and offer some method for dental coverage; and

WHEREAS, the City desires to amend the Personnel Policy and Administrative Procedures Manual to reflect this change to allow the option of the retiree plans after the

initial 18 months of eligibility and provide employees qualifying for the City’s ERIP an HRA under Section 6.19.02 to compensate for the reduced benefit and lack of dental coverage.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Buckley hereby amends the City of Buckley “Personnel Policy and Administrative Procedures Manual” as follows:

Section 1. Section 6.19.02 is hereby amended to read as follows:

6.19.02 **Health Reimbursement Account (HRA) Contribution** – Unless otherwise specified in bargaining unit agreements, beginning January 1, 2018, the City will activate a Health Reimbursement Account (HRA) for eligible employees. The City will provide annual contributions to each employee’s HRA account according the schedule in the Table below:

HRA Contribution	City Contribution Amount/Employee
Employee	\$1,100
Spouse	\$500
Dependent (2 maximum)	\$250

[*Note: In addition to the annual contributions, the City will fund any administrative costs that the HRA provider charges to manage each account.](#)

HRA accounts are being established for each eligible employee to assist with additional out-of-pocket expenses resulting from the change on AWC healthcare benefits taking place January 1, 2018. Therefore contributions to an employee’s HRA account are not eligible for any type of payment under the City’s Health Insurance Opt-Out Program in Section 6.21. Employees who elect to opt out of dependent(s) coverage under Section 6.21 will “only” be able to receive a cash payment equal to fifty percent (50%) of the premium amount, but no portion of HRA amount.

These HRA contributions are subject to funding by the City Council in the annual budget and the City retains the right to, in its sole discretion, modify, adjust or terminate the contribution amounts for any fiscal year if insufficient funding is provided in the budget, provided however that such change shall not impact the rights or benefits of any employee for the prior fiscal year.

Section 2. Section 6.19.04 is hereby amended to read as follows:

6.19.04 In compliance with COBRA (Consolidated Omnibus Budget Reconciliation Act), the City offers continuing health care coverage on a self-pay basis to employees and their dependents , **except for employees covered under the Police Officer’s Guild**

CBA, following termination (for reasons other than gross misconduct), unpaid leave of absence, reduction in hours, retirement or death. These health benefits will be identical to the coverage offered to regular employees. For terminated employees or employees whose hours are reduced below that of a regular employee, the coverage may last up to eighteen (18) months or until they become eligible for other health insurance coverage, whichever is earlier.

Employees eligible for the City's ERIP under Section 6.20 may be eligible for enhanced benefits as specified under Section 6.20.

- (a) Employees covered under AWC Healthfirst. In the event of the employee's retirement, divorce, separation or death, the coverage may last up to thirty-six (36) months for the employee and/or qualified beneficiary; if provided, identical health benefit coverage (medical, dental and vision) shall only be provided for the initial eighteen (18) months of COBRA at which time the coverage shall convert to a retiree with no Medicare coverage for any remaining "eligible" period up to the full thirty-six (36) months. The second tier coverage for the periods beyond 18 months shall provide reduced benefit AWC Retiree medical coverage "only" with no dental or vision. The full policy monthly premium plus a two percent (2%) administration fee will be paid by the employee or the beneficiary to the City or designated benefit administrator.
- (b) **Non-Police Guild CBA** Employee's covered under LEOFF Trust. In the event of the employee's retirement, divorce, separation or death, the coverage may last up thirty-six (36) months for the employee and/or qualified beneficiary; if provided, identical health benefit coverage (medical, dental and vision) shall only be provided for the initial eighteen (18) months of COBRA. Eligible coverage periods beyond 18 months up to the full thirty-six (36) months shall provide continued medical coverage that includes LEOFF Trust vision benefits, but no dental benefit. The full policy monthly premium plus a two percent (2%) administration fee will be paid by the employee or the beneficiary to the City or designated benefit administrator.
- (c) The employee or beneficiary may waive all rights to continuation coverage according to notification procedures and time limits outlined in a continuation coverage "Notification of Rights" letter.

Section 3. Section 6.20.02 is hereby amended to read as follows:

6.20.02 Purpose. The purpose of the City's Early Retirement Incentive Program (ERIP) is (1) to afford those long term City employees who desire to retire prior to either PERS, LEOFF and/or Social Security Full Retirement Age an opportunity to do so with some financial assistance until eligible for PERS/LEOFF retirement and/or social security benefits, and (2) to encourage some measure of staffing flexibility, consistent with overall City and individual department needs.

The City's Early Retirement Incentive Program (ERIP) is strictly voluntary and provides an insurance incentive that allows an employee to retire early prior to being eligible for Medicare benefits. Under the ERIP, employees that have at least 10 years of service with the City shall be eligible for 1 year (12 months) of City paid continuing health care coverage for the employee "only" under COBRA, as outlined in Section 6.19.04. Employees electing to take early retirement under this program who have more than 10 years of service with the City shall receive an additional 1.5 months of City paid continuing health care coverage for the employee for every year of service over the 10 year initial threshold, up to the maximum allowed under COBRA which is 36 months, as outlined in Section 6.19.04, except that City contributions to COBRA under ERIP will cease before the end of the eligible period, if:

- the participant becomes eligible for medical care coverage through another employer; or
- the participant becomes eligible for Medicare benefits; or
- the participant elects coverage through a spouse/domestic partner employed by the City; or
- the participant dies.

Participation in the City's ERIP provides coverage under the City's insurance plan ~~for medical, vision and dental benefits,~~ as outlined in Section 6.19.04 (a) and (b), ~~but does not include an H.R.A. contribution outlined in 6.19.02 above,~~ except under the ERIP the City will be responsible for the cost of the administrative fee as well as the premium amount.

Employees electing to participate in the City's ERIP may choose to provide health care coverage for their dependents on a self-pay basis following their termination/retirement from the City.

This program is subject to funding by the City Council in the annual budget and the City retains the right to designate the number of positions to fund annually and the right to deny an application or delay its effective date in the best interests of the City. The City may, in its sole discretion terminate the program at any time or, suspend it for any fiscal year, if insufficient funding is provided in the budget, provided however that such suspension shall not impact the rights or benefits of any employee who has retired under the program in a prior fiscal year.

Section 4. Section 6.20.03 is hereby amended to read as follows:

6.20.03 Long term City employees who retire early due to medical reasons related to a serious health condition prior to either PERS, LEOFF and/or Social Security Full Retirement Age are eligible for the ERIP as outlined in 6.20.02 above. ~~Employees retiring early due to medical reasons who have at least 10 years of service with the City shall be eligible for 1 year (12) months of City paid continuing health care coverage for the employee "only" under COBRA, as outlined in Section 6.19.04. Employees who have more than 10 years of service with the City shall receive an~~

~~additional 1.5 months of City paid continuing health care coverage for the employee for every year of service over the 10 year initial threshold, up to the maximum allowed under COBRA which is 36 months, as outlined in Section 6.19.04.~~

Section 5. Section 6.21.01 is hereby amended to read as follows:

6.21.01 Eligible employees who can demonstrate and attest to having other employer-sponsored group health insurance for their eligible dependent(s) may elect to opt out of the City's sponsored Medical/Prescription, Vision and Dental coverage with the Association of Washington Cities Employee Benefit Trust or LEOFF Health and Welfare Trust. Employees who elect to opt out of dependent(s) coverage will receive a cash payment equal to fifty percent (50%) of the premium amount for eligible coverage in return for this waiver which will be paid monthly for each full month the waiver remains in effect. Any cash payments made to the employee under the Opt-Out Program will be subject to normal withholdings and reported as taxable income and the employee will be required to pay any taxes due on them.

The city will review this program on an annual basis during the budget process and may cancel the program effective on the first day of the "succeeding" plan year, but will not cancel it at any time during the current year it is offered.

Employees who elect to opt-out of dependent coverage may do so during the Open Enrollment period. In return, the employee is eligible for up to twelve (12) months of monetary waiver payments, which will be made in twelve (12) pay periods. Employees who elect to opt-out of dependent coverage will not be permitted to re-enroll until the next annual open enrollment period commencing in December of each year and effective in January of the following year unless re-enrollment provisions apply.

Employees will not be allowed to waive/reduce existing coverage and receive cash payment for their eligible dependent(s) unless they can offer proof of coverage under an alternate health insurance plan.

Employees desiring to participate in the Opt-Out Program must complete a waiver form and submit it to the Finance Director during the Open Enrollment but no later than December 11. Following the submission of the waiver form and the information for the verification of alternate insurance coverage found at the end of the waiver form, the current City health insurance coverage will terminate on December 31 of the year that the form was submitted. Further, an employee may apply to participate in the Opt-Out Program during the benefit plan year if, within thirty (30) days of qualifying life-changing event (i.e., marriage, new dependents), they notify the Finance Director and complete the necessary forms.

Participants in the program will no longer have a monthly deduction of the employee dependent premium co-payments for which the employee has opted out and will receive the waiver payment instead. The waiver payment will be made over twelve (12) pay periods during the following plan year. All payments are considered income

and are subject to normal withholdings. Offering this program does not obligate the City to continue the program from year-to-year if it is not economically feasible or if in conflict with Federal or State law.

Section 6. Section 6.21.04 is hereby amended to read as follows:

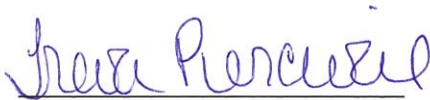
6.21.04 Separation. If an employee participating in the Opt-Out Program separates employment with the City during a plan year, waiver payments will only continue through the last payroll period he or she is employed. NOTE: An employee participating in the program who separates and/or retires during the plan year does NOT have health insurance rights to participate in a City health insurance plan after separation and/or retirement, except as allowed under the City's COBRA policy, Section 6.19.04 of the City's Personnel Manual, on a self-pay basis.

Introduced, passed and approved this this 11th day of December 2018.



Pat Johnson, Mayor

ATTEST:



Treva Percival, City Clerk

APPROVED AS TO FORM:



Phil Olbrechts, City Attorney

POSTED: December 12, 2018