

# **Town of Douglas**

## **Health Insurance Policy**

The Town of Douglas, acting by and through its duly elected Board of Selectmen (the “Board”), and in accordance with Massachusetts General Laws (MGL) Chapter 32B, section 14, does hereby formally adopt and establish the following rules and regulations governing eligibility and administrative guidelines for the Town’s health insurance benefit offerings.

The Board reserves the right to alter, modify, amend, and/or eliminate any and all benefits, benefit levels, contribution amounts and plans offered by the Town pursuant to MGL Chapter 32B, and subject to MGL Chapter 150E where applicable. The Board reserves the right to alter, modify, amend, and/or delete any of these rules and regulations from time to time, in accordance with its applicable procedures.

The Board shall further be guided by additional administrative policies and procedures to comply with federal, state, or local regulations or requirements as they relate to group health insurance programs.

This policy does not constitute a contract between the Town and its employees. It shall guide the day to day implementation of health insurance benefit administration by the Town Administrator and the Finance Department and the applicable functions of the Douglas Public Schools. No Town official, officer, employee, elected or appointed board or committee, or multiple member body, may make any exception to the provisions of this policy.

In the event of a conflict between this policy and the underwriting provisions of the Town’s insurer(s) with regard to open enrollment dates, employee eligibility, cut-off dates, definitions and time requirements for “qualifying events,” the Town is bound by the insurer’s underwriting provisions. Notwithstanding the provisions of MGL Chapter 32B, the insurer’s determination of employee eligibility shall be final.

### **Section 1: Definitions**

- A. Standard health insurance offering: A health insurance plan, or set of plans that form a range of options for beneficiaries to choose from, put in place by the Town following the completion of discussions with the Insurance Advisory Committee pursuant to Section 3 of MGL Chapter 32B, and after negotiations with a health insurance carrier with or without the assistance of a broker, collective buying group or the Commonwealth of Massachusetts.
- B. Health insurance benefit program: As used herein, this term refers to the entire system of health insurance plans, opt-out and waiver incentives, co-shares and co-pays, and administration and regulation thereof.

### **Section 2: General Policy Directives**

- A. The Town shall offer all eligible employees, as defined by MGL Chapter 32B, regardless of seniority, title, compensation, or membership status in any collective bargaining unit, the same options for health insurance coverage under a single plan or set of plans established by the Town as its standard health insurance offering.
- B. All premium co-shares, out of pocket co-pays, health savings account (HSA) contributions, opt-out and/or waiver incentives and any other employee costs or incentives created from time to time as part of the standard health insurance offering shall be uniformly applied to all eligible employees regardless of seniority, title, compensation, or membership status in any collective bargaining unit.
- C. Beginning July 31, 2019 and every two (2) years thereafter, the Town Administrator shall present a report to the Board of Selectmen that shall at a minimum address the following requirements:
  - 1. Disclosure of the total amount spent by the Town on the direct employer costs arising from its health insurance benefit program for employees for the most recent and five (5) preceding fiscal years; and
  - 2. Presentation of a forecast regarding the same set of costs for the next five (5) fiscal years, with full disclosure of any assumptions that have a material impact on the forecast and the source of information supporting each of those assumptions.
- D. Beginning July 31, 2021 and at most every six (6) years thereafter, the report required above shall include disclosure of the results of an inquiry, which may include the results of a formal competitive bid, into the alternative sources and configuration of alternative standard health insurance offering(s) and their associated costs.

### **Section 3: Administration**

- A. Premium co-share payments are collected one (1) month in advance.
- B. The active employee plan year is effective July 1 to June 30 each year.
- C. The retiree plan year is effective January 1 to December 31 each year.

### **Section 4: Active Employee Eligibility and Enrollment**

- A. Active employees who are eligible to enroll in the Town's standard health insurance offering pursuant to MGL Chapter 32B shall be provided the opportunity to participate in the Town's health insurance benefit program.
- B. Eligible employees may enroll in the standard health insurance offering effective the first day of the calendar month following the employee's date of hire.
- C. Employees hired on the first day of a calendar month may enroll effective that date.
- D. Eligible employees and their spouses and/or dependents shall be enrolled in active employee plans within the standard health insurance offering regardless of the employee's age or eligibility for retirement so long as the employee remains eligible and active.
- E. Employees whose status changes from ineligible to eligible pursuant to MGL Chapter 32B shall have thirty (30) days from the date of their being notified of their eligibility to enroll into the standard health insurance offering. Failure to enroll within that 30 day period shall be

considered a waiver of coverage, and the employee may not enroll in the standard health insurance offering until the next open enrollment period.

- F. Employees whose status changes from eligible to ineligible shall lose their ability to participate in the standard health insurance offer, subject to any continuation rights they might have under the federal Consolidated Omnibus Budget Reconciliation Act of 1986, commonly referred to as "COBRA," and all subsequent rules and regulations and binding federal judicial decisions related thereto.
- G. In the event that a court of competent jurisdiction grants a judgment absolute of divorce or of separate support, the divorced employee, if otherwise enrolled in and eligible to receive the standard health insurance offer, and his or her spouse may remain eligible for benefits in accordance with MGL Chapter 32B section 9H, provided that each of the following conditions are met:
  - 1. In the event that the employee does not remarry:
    - a. The ex-spouse's eligibility shall continue until the remarriage of either the employee or the ex-spouse, or until such time as provided by said judgment, whichever is earlier.
    - b. The employee/subscriber must maintain a family plan covering him/herself and his or her divorced or separated spouse, and pay the difference between an individual plan and the family plan to the Town.
  - 2. In the event that the employee/subscriber remarries, the ex-spouse's eligibility for continued participation in the standard health insurance offer shall be governed by MGL Chapter 32B section 9H(b).
  - 3. Any payments due to the Town under this section which are not received within thirty (30) days of the due date may result in cancellation of enrollment in the standard health insurance offer.

## **Section 5: Retiree Eligibility and Enrollment**

- A. Upon retirement, retiree/subscribers may participate in the Town's standard health insurance offer for retirees, provided that all of the following eligibility requirements are met:
  - 1. the retiree was vested in a Commonwealth of Massachusetts-based employee retirement system at the time of retirement from employment with the Town; and
  - 2. the retiree was enrolled in an active employee Town health insurance plan at the time of retirement for no less than 30 days; and
  - 3. the retiree retired per the process required by the retirement system in which he/she was vested; and
  - 4. the retiree is currently receiving his/her pension benefit.
- B. The standard health insurance offer for eligible retirees requires a fifty percent (50%) premium co-share contribution by retirees.
- C. Retirees and/or eligible spouses who have not reached the age of 65 will participate in the standard health insurance offer for active employees, subject to the co-share provision of (B) above.

- D. In compliance with MGL Chapter 32B section 18, all retirees and covered spouses eligible for Medicare shall enroll in Medicare Part B at age sixty five (65). Retirees and spouses enrolled in Medicare Part B are only eligible for the supplemental insurance plan(s) provided as part of the Town's standard health insurance offer for retirees over 65. Failure to enroll in the Medicare program shall lead to cancellation of the retiree's and/or his/her spouse's participation in the Town's standard health insurance offer.
- E. In the event that a retiree or eligible spouse reaches age 65 before the other party, each party shall be enrolled in an individual plan applicable to his/her age group under this policy.
- F. Retirees who meet all of the eligibility requirements of Section 5(A) above may defer or suspend their enrollment in the Town's standard health insurance offer for retirees and subsequently re-enroll as eligible retirees, subject to the same premium co-shares, out of pocket co-pays and all other terms and conditions that apply to all beneficiaries enrolled in the standard health insurance offer for retirees, provided the following additional conditions are met:
  - 1. the retiree does not defer his/her pension benefit; and
  - 2. the retiree was enrolled in the Town's standard health insurance offer as an active employee for no less than 30 calendar days before retiring; and
  - 3. at the time of retiree's separation from the Town, the Town had and continues to have a policy of providing health insurance benefits to qualified retirees; and
  - 4. there is no break in health insurance coverage for the retiree; and
  - 5. the retiree does not vest into a post-retirement health benefit offered by a new employer; and
  - 6. the retiree provides a signed notice to defer along with proof of coverage (not from the Massachusetts Health Insurance Exchange); and
  - 7. upon returning to the Town's retiree health insurance group, the retiree agrees to pay the same premium co-share as all other retirees enrolled in Town health insurance for the same coverage plan; and
  - 8. the retiree may elect to return to the Town health insurance group only once after leaving it, during open enrollment periods or due to a qualifying event.

#### **Section 6: Election to Forego Health Insurance Coverage (Waiver)**

- A. Waiver: A new employee shall be paid the standard health insurance waiver stipend if participation in the Town's standard health insurance offer has been declined by either of these methods:
  - 1. the employee indicates a decision to decline participation on the insurance information form provided by the Treasurer's Office; or
  - 2. the employee fails to return required enrollment forms to the Treasurer's Office within thirty (30) calendar days of the date of hire.
- B. Waiver stipends for each fiscal year shall be paid out within the first 30 days of the fiscal year immediately following.

#### **Section 7: Election to Forego Health Insurance Coverage (Opt-out)**

- A. An active eligible employee participating in the Town's standard health insurance offer may receive a stipend in exchange for voluntarily opting-out of the offer under either of the following circumstances:
  - 1. the employee was enrolled in the Town's standard health insurance offer for at least one calendar year immediately prior to applying for the Health Insurance Opt-Out Stipend during the Town's open enrollment period; or
  - 2. the employee participated in the Town's standard health insurance offer for at least one calendar year and elects to opt-out for the purpose of enrolling in a spouse's coverage during the spouse's open enrollment period.
- B. An employee eligible for health insurance coverage under the Town's standard health insurance offer cannot receive an opt-out stipend if he/she is covered under a health insurance plan of another Town employee participating in the offer, either as a dependent or as a spouse.
- C. If an employee is eligible and elects to opt-out of the Town's Group Health Insurance Plan, the Town is not responsible for medical coverage effective the first day of the following fiscal year (July 1) (except for medical coverage for injuries and illnesses covered by G.L. c. 41, Sec. 111F or G.L. c. 152) and for each fiscal year thereafter that the employee voluntarily agrees to opt-out of the Group Health Insurance coverage through the Town.
- D. An employee who wishes to enroll in the opt-out program must return the following to the Treasurer/Collector's Office during the open enrollment period:
  - 1. a signed Acknowledgement Form (attached as appendix A);
  - 2. proof of private health insurance which meets the requirements of MassHealth and the Patient Protection and Affordable Care Act to avoid any penalties to the Town
- E. If the opt-out Acknowledgement Form is turned in after the beginning of the fiscal year following open enrollment, then the opt-out payment amount will be prorated based upon the date the Acknowledgement Form was received by the Treasurer's Office.
- F. The Acknowledgement Form must be re-submitted on an annual basis.
- G. In return for the agreement to opt-out of the Town's health insurance offer, the Town agrees to pay an eligible employee one of the following amounts:
  - 1. \$1,500 per fiscal year for opting-out of an individual health insurance plan coverage
  - 2. \$3,000 per fiscal year for opting-out of a family health insurance plan coverage
- H. The Town will process the above payment in semi-annual installments (\$750 for an employee opting-out of an individual health insurance or \$1,500 for an employee opting-out of family health insurance) on or about the last pay period in December and June. The semi-annual opt-out payments will be subject to Federal, State, and Medicare taxes.
- I. An employee is only eligible to re-enroll in the Town's standard health insurance offer during the open enrollment period or due to a qualifying event, as defined herein.
- J. To re-enroll in the Town's standard health insurance offer, the employee must complete the required paperwork during the open enrollment period or, for a loss of coverage due to a qualifying event, notify the Treasurer/Collector's Office and complete the re-enrollment process within thirty (30) days of the date of loss of coverage.
- K. If an employee does re-enroll in the Town's standard health insurance offer, or the employee's employment with the Town ends (termination, resignation, retirement, reduction of hours, layoff, or death) during the fiscal year, the employee will only be eligible for a pro-rated opt-out stipend.
- L. The Town reserves the right to alter or eliminate this program at the conclusion of any fiscal year.

## **Section 8: Retention of Health Insurance while on Unpaid Leave**

- A. Employees on designated family medical leave in accordance with the Family Medical Leave Act (FMLA) shall be entitled to continue to receive the Town's standard health insurance offer during the term of the leave.
- B. Employees on designated workers' compensation or injured on duty leave in accordance with applicable law shall be entitled to continue to receive the Town's standard health insurance offer during the term of the leave.
- C. Employees who are on unpaid medical leave, which is not designated as family medical leave, or when the FMLA entitlement has been exhausted, shall be entitled to continue to receive the Town's standard health insurance offer during the term of the leave so long as they meet their monthly contribution requirements or until such time as their employment is terminated.
- D. Employees on approved, unpaid leave, which has not been designated as FMLA or other medical leave, shall be eligible to participate in the Town's standard health insurance offer, subject to carrier eligibility rules, for the balance of the pay period in which they have any earnings. Effective the first day of the pay period in which the employee is in "no pay" status, the employee must pay 100% of the premium and a 2% of premium administration fee for that calendar month and any subsequent months of leave. Employees who fail to pay the full amount on the date established by the Treasurer will be declared ineligible for benefits and their insurance cancelled retroactively to the last paid period.
- E. Employees shall be eligible to continue participation in the Town's standard health insurance offer while on an approved leave for no longer than one calendar year, subject to carrier eligibility rules. Said employees will be provided the opportunity to enroll in COBRA benefits once Town coverage is terminated.

## **Section 9: Termination of Health Benefits, Surviving Spouse Benefits**

- A. When an employee separates from the Town as a result of resignation or termination, participation in the Town's standard health insurance offer will be terminated according to one of the two following options, at the choice of the employee:
  - 1. Health coverage will be concluded on the employee's last date of employment, and the employee portion of prepaid premiums will be returned to the employee; or
  - 2. The employee may remain on his/her health insurance through the Town until all remaining pre-paid premiums are exhausted, for a maximum of thirty (30) days.
- B. Upon the death of an employee or a retired employee, the surviving spouse and any eligible dependents may continue to participate in the Town's standard health insurance offer, subject to MGL Chapter 32B section 9D.
- C. Surviving spouses and eligible dependents may continue to participate in the Town's standard health insurance offer for retirees so long as they meet all plan eligibility rules and unless/until the surviving spouse remarries. In the event the surviving spouse remarries, eligibility for participation ends as of the date of the marriage.

## **Section 10: Payroll Deductions**

Active and retired participants in the Town's standard health insurance offer shall pay their share of the monthly premium via payroll or pension deduction. If the participant's earnings or pension do not meet the premium co-share obligation, such sums shall be paid directly to the Treasurer.

## **Section 11: Open Enrollment**

- A. "Open Enrollment" refers to the period of time designated annually by the Town to allow active or retired eligible participants in the Town's standard health insurance offer the opportunity to:
  - 1. Join a group health plan if they did not do so at the time of their initial employment; or
  - 2. Switch from one existing group health insurance plan to another within the standard offer.
- B. Open Enrollment for active employees is typically held in April or May of each year. New enrollments and changes requested during Open Enrollment become effective on July 1 of each year.
- C. Open Enrollment for retirees is typically held in November each year. Changes become effective the following January 1.

## **Section 12: Qualifying Events**

- A. An active or retiree participant in the Town's standard health insurance offer may add dependents or spouses to their group insurance coverage without waiting for the annual Open Enrollment period if a "qualifying event" has occurred.
- B. "Qualifying events" include, but are not limited to:
  - 1. Birth or certified adoption of a child;
  - 2. Marriage;
  - 3. Adding a dependent child;
  - 4. Loss of coverage obtained through a spouse;
  - 5. A dependent child ceasing to be a dependent child covered under the health insurance of another person.
- C. In the case of events under items 1 through 3 above, an employee will be allowed to enroll the spouse or dependent(s) to their existing health insurance coverage provided that an application is submitted to the Treasurer no later than thirty (30) days following the date of the "qualifying event." The application must be accompanied by a certified copy of a birth, adoption or marriage certificate, or a certified letter from the registrar of the school which the dependent is attending full time, as applicable.
- D. Under 4 above, the employee must submit an application to the Treasurer within thirty (30) days of their loss of coverage. The application must be accompanied by a letter from either the spouse's employer or the prior health insurance plan, documenting the effective date which health insurance coverage will be cancelled, and the reason for the loss of coverage.

Appendix A

ACKNOWLEDGEMENT

I, \_\_\_\_\_, hereby acknowledge that I have read and understand the terms of the Town's Health Insurance Opt-Out Program, that I have had the opportunity to ask questions of the Town regarding the Opt-Out Program and inquire of attorneys of my own choosing, and that I am agreeing to waive my right to health insurance coverage through the Town effective July 1, 20\_\_\_\_.

\_\_\_\_\_  
Employee Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Treasurer/Collector's Department  
Representative

\_\_\_\_\_  
Date

\_\_\_\_\_ Proof of other Health Insurance Attached  
Initial