



Approved:

City of Riverside, California
Human Resources Policy and Procedure Manual

Human Resources Director

City Manager

Number: V-9 Effective Date: TBD

SUBJECT: HEALTH/VISION AND DENTAL INSURANCE

PURPOSE:

To define the City of Riverside's Health/Vision and Dental Insurance Plans for uniformity of interpretation and application.

DEFINITIONS:

For the purpose of this Policy, eligible dependents are defined as follows:

Spouse: - A spouse (as defined or recognized under State law) or registered domestic partner¹ (as defined or recognized under State law for purposes of marriage). Documentation to certify spouse or domestic partner dependent eligibility, i.e. official marriage certificate or official declaration of domestic partnership, must be provided in order to initiate and/or maintain coverage.

Child: - A biological, adopted², step-child, or a legal ward for whom the employee has legal court-appointed guardianship. The child must meet the age limitations as set forth in the applicable plan document. Proof of dependent eligibility, i.e. official birth certificate, must be provided in order to initiate and/or maintain coverage. Foster children are not eligible for coverage.

Grandchild: - A biological, adopted², or step-grandchild for whom the employee has legal court-appointed guardianship. The grandchild must meet the age limitations as set forth in the applicable plan document. Proof of dependent eligibility, i.e. legal guardianship documents and official birth certificate, must be provided in order to initiate and/or maintain coverage.

For the purpose of this Policy, the following definitions should be used:

Initial Enrollment Period: The period in which all new hires (regular benefited employees), employees promoted into a benefited position and all temporary employees that become eligible for benefits have to enroll in one of the City's health/vision and/or dental plans. The initial enrollment period is 30 days from the employee's hire or benefits eligibility date. Employees that miss the initial enrollment period will have to enroll during the next Open Enrollment Period.

1 Domestic partner coverage requires a "Declaration of Domestic Partnership" which can be provided by the Office of Secretary of State.

2 A child that is in the process of being adopted is eligible to be covered from and after the moment the child is placed in the physical custody of the insured for adoption (Section 10119 of the California Insurance Code). Adoption documentation must be submitted as proof.

Open Enrollment Period: The pre-defined annual period in which eligible employees will be allowed to enroll, cancel and/or change to a different health and/or dental plan, or to enroll or drop eligible dependents, typically in the month of November. All changes are effective January 1 of the following calendar year.

Qualifying Event: Upon a participant's life change event, including marriage/divorce (of employee) establishment of domestic partnership, birth of a child, adoption, legal guardianship, court order, termination of domestic partnership, or loss/new coverage available through an outside plan, eligible dependents may be added/dropped or coverage can begin/end outside of the Open Enrollment Period. Appropriate documentation to verify the qualifying event will need to be provided with the request. During a qualifying event, a participant is not allowed to change plans, but may only add or drop eligible dependents. Plan changes can only be submitted during the Open Enrollment period. Qualifying events must be in accordance with IRS Section 125.

POLICY:

All employees, upon becoming eligible, may enroll in one of the health/vision and/or dental insurance plans offered by the City.

1. Eligibility

Employees hired or promoted into a full-time or part-time regular benefited position will be automatically eligible to enroll in the City's health/vision and/or dental insurance plans.

Temporary employees may be eligible to enroll in the City's health/vision insurance plan after meeting the requirements set forth by the Patient Protection and Affordable Care Act of 2010. Refer to the Section 9 below for detailed information.

2. Premiums

The City, under negotiated terms, pays a substantial amount of the premiums. City contributions towards premiums may vary based on bargaining unit. City contribution amounts are pro-rated for half-time and three-quarter time benefited employees based on the full-time employee contribution. Employees pay any remaining costs. Health, vision and dental premiums are deducted via payroll deduction and paid to insurance carriers a month in advance (i.e. premiums deducted in April pay for May coverage). New hires or promoted employees may need to make additional premium payments to cover advanced premiums depending on when enrollment requests are received and when the coverage is effective. Premiums are deducted from 24 paychecks in the year.

Employees who are legally married and add their spouse to their plan, will have their premiums taken on a pre-tax basis per IRS Section 125. Employees in a domestic partnership who do not meet the IRS Section 152 Code §105(b) tax dependent requirements, will have their premiums taken on an after-tax basis. Proof of eligibility under Code §105(b) will need to be submitted annually.

3. Initial Enrollment/Termination of Benefits

- A. Enrollment requests must be submitted online within the first 30 days of employment for new hires or within 30 days of the benefits eligibility date. If the 30-day deadline is missed, enrollments shall be deferred until the City's next Open Enrollment Period. The Human Resources Director or designee has the authority to make exceptions in the event of unusual or extenuating circumstances.

If an employee is hired or becomes eligible for benefits on the 1st, 2nd, or 3rd of a month, benefits are effective the 1st of the following month. Employees hired or eligible for benefits on the 4th through the end of the month have a 30-day waiting period from their hire or benefits eligibility date and coverage is effective the 1st of the following month following the 30 day waiting period. For example: If an employee is hired/promoted on January 3, the coverage effective date will be February 1. If an employee is hired/promoted on January 15, the coverage effective date will be March 1.

For new or promoted employees, proof of dependent eligibility, including marriage certificate, declaration of domestic partnership, birth certificate or court order must be provided to Human Resources to initiate and/or maintain coverage when adding a dependent. If the employee is unable to acquire the documentation from the issuing agency within the 30 day enrollment period, an exception will be made to enroll the dependent without the documentation. However, the required documentation must be submitted to Human Resources no later than 60 days from the qualifying event date. Failure to provide the required documentation will result in the dependent being dropped from coverage effective the 1st of the month following the 60 days. For example: If an employee had a new born child on April 4, the employee has 30 days from that date to submit a request to enroll the child and provide an official birth certificate. The coverage effective date will be May 1 and the employee must submit the birth certificate no later than July 4 or the dependent will be dropped from coverage effective August 1.

For current active employees, adding a dependent(s) during the open enrollment period, dependent documentation must be submitted to Human Resources by the set open enrollment deadline. Failure to provide proper documentation by the set open enrollment deadline will result in the dependent not being added during the open enrollment period.

- B. Upon an employee's separation from employment, insurance coverage will end on the 15th or the last day of the month, whichever comes first, following 30 calendar days after the date of separation. For example: If an employee separates on February 10, the employee is entitled to 30 days of coverage, calculated as March 12. City-paid coverage ends March 15 of the same calendar year.

An employee has the right to discontinue coverage earlier than the designated benefit end date. An employee must complete the health and/or dental benefits enrollment/change form requesting early termination. The form must be received by Human Resources, no later than the last day of the pay period in which the employee is separating from service.

- C. During an approved leave of absence, an employee will be retained on the City's health/vision and/or dental insurance coverage provided that the employee pays all applicable premium costs (as defined in the City's various leave policies). Failure by the employee to pay the health/vision and/or dental insurance premiums may result in loss of coverage. The City will cease to maintain the employee's health/vision and or dental

coverage if an employee's premium payment is more than thirty (30) days late. The City will notify the employee fifteen (15) days before coverage is terminated. The employee is responsible for payment of all unpaid premiums where coverage was provided by the City during the leave. Employees may request to enter into a repayment agreement upon returning to work. If the employee does not return to work and there are outstanding premium payments, the employee is still responsible to pay the City, otherwise the past due amount may be sent to collections.

4. **Changes**

Changes may only be made under the following circumstances:

- A. New dependents may be added within 30 days of a qualifying event; i.e., marriage, birth of child, adoption, etc. Coverage will become effective the 1st of the following month after the qualifying event date. Proof of dependent eligibility must be provided in order to initiate and/or maintain coverage. If the 30-day deadline is missed, the new dependent may be added during the next Open Enrollment Period and the coverage will be effective January 1 of the following calendar year. The Human Resources Director or designee has the authority to make exceptions in the event of unusual or extenuating circumstances.

New dependents who experience either of the following two events will have 60 days from the date of the event to request enrollment:

- The dependent loses Medicaid or CHIP coverage because they are no longer eligible
- The dependent becomes eligible for a state's premium assistance program

- B. Dependents may only be dropped from coverage if there is a qualifying event or if the dependent loses the eligibility requirements as set forth in the applicable plan document (i.e. divorce, over age dependent, etc.). It is the employee's responsibility to notify the Human Resources Department immediately if a dependent is no longer eligible for coverage. Coverage will end the 1st of the following month from the qualifying event date. Once dropped, the dependent may not be added again until the next Open Enrollment Period, if eligible, unless proof is provided that the dependent has a qualifying event to re-enroll in City coverage. Employees may only enroll or drop coverage for eligible dependents as a result of a qualifying event and may not change health/dental plans.
- C. Employees may change health/vision and/or dental plans only during the Open Enrollment Period, which become effective January 1 of the following calendar year. Dependents may be added or dropped during the Open Enrollment Period without a qualifying event. The Human Resources Department will designate an Open Enrollment Period each year, typically in the month of November.

5. **Coverage**

It is the employee's responsibility to carefully read and evaluate the plans that are offered prior to enrolling in or changing plans. Coverage, restrictions, and/or rates vary between the plans. For example:

- A. Plans may or may not have out-of-area coverage, including international coverage.

- B. Co-payments and prescription costs may vary depending on insurance plan.

6. Continuation of Benefits

- A. As mandated by the Federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), separating employees and/or eligible dependents that lose coverage may continue health/vision and/or dental insurance coverage under the City's plans for a period of 18, 29, or 36 months, depending upon the qualifying circumstance. COBRA premiums are paid in full by the separated employee and an administrative fee may apply. Participants who wish to continue coverage beyond the COBRA period must make arrangements with the insurance company directly.
- B. Retirees may also be eligible to continue health/vision and/or dental coverage under the retiree plan, which has no time limit. Some retirees may be eligible for a retiree health stipend per their bargaining unit Memorandum of Understanding (MOU). Refer to the applicable Memorandum of Understanding (MOU) for eligibility requirements.
- C. California law³ requires that when a sworn Police or Fire employee is killed in the line of duty or dies as a result of an accident or injury sustained in the line of duty, the surviving spouse may continue health benefits under the same terms and conditions provided prior to the death, or prior to the accident or injury that caused the death, unless the surviving spouse elects to receive a lump sum survivors benefit in lieu of monthly benefits. Minor dependents may continue to receive health benefits under the coverage provided the surviving spouse or, if there is no surviving spouse, until 21 years of age. The surviving spouse may not add a new spouse or step-children under the continued health benefits.

7. Health Opt-out

Pursuant to the Fringe Benefits and Salary Plan and applicable Memorandum of Understanding (MOU) provisions, eligible employees who can show proof of health insurance coverage with a health care provider and waive their rights to the City provided health insurance plans are eligible to receive an annual stipend the last payroll in November. Current employees must elect to waive coverage during each Open Enrollment Period for the next 12-month calendar plan year. For new hires and part-time employees, the amount of the stipend will be pro-rated accordingly. If an employee experiences a qualifying event and enrolls in a health plan anytime during the year, the stipend will be forfeited. The stipend is not pro-rated for employees separating from City service, if an employee separates prior to the last payroll in November, the stipend will be forfeited. Refer to the Fringe Benefits and Salary Plan for specific stipend amounts and additional eligibility requirements. No stipend is provided for waiving dental insurance.

8. Vision Insurance

Upon enrolling in a City health plan, employees and eligible dependents are automatically enrolled in the City's vision plan. Disenrollment from a health plan will also result in the termination of vision coverage. Employees and eligible dependents may not enroll in the vision plan if they are not enrolled in a health plan.

³ California State Labor Code, Section 4856.

9. **Patient Protection and Affordable Care Act of 2010**

Per the Patient Protection and Affordable Care Act (PPACA) of 2010 and beginning with plan year effective January 1, 2015, all employees that are considered full-time (including temporary/variable employees) will be offered the opportunity to enroll in one of the City's health plans or decline health coverage.

Determination of full-time status is based on the number of hours worked; an employee must average 130 hours or more per month or 30 hours or more per week to be eligible. A temporary employee who is reasonably expected to work on a full-time basis from the time of hire will be automatically eligible and offered the option to enroll/waive health insurance coverage pursuant to the enrollment requirements in Section 3 of this policy. For all other employees that are not automatically eligible and are hired to work on a temporary "seasonal" or "variable" basis, the City will track all hours worked in a defined "measurement period" and divide the total by the number of months in that measurement period to determine if the employee averaged over 130 hours each month. The City will use a 12-month measurement period for all current and newly hired temporary employees. The initial measurement period will start with the first day of the month following the date of hire. If the temporary employee is determined to be full-time at the end of the initial measurement period, then the employee will be offered health coverage during a subsequent "stability period," which will run for a period of 12 months and will start with the coverage effective date. The employee will be notified by Human Resources within 15 days of the measurement period end date if he/she is eligible to enroll in a health insurance plan and will be given an additional 15 days from the notification date to make an election to enroll or waive coverage. If the employee elects coverage, per Federal law, the coverage will be effective the 1st day of the following month after the measurement period end date and must be kept for the following 12 months. Very limited circumstances would permit the employee to drop coverage mid-year. Employees must pay their share of the monthly premiums which are set as required and allowed by Federal law. If the employee waives coverage, the employee will not be eligible to enroll in the plan until the next Open Enrollment Period, if found to be eligible under the plan's standard measurement period.

Upon completion of the initial measurement period, all temporary employees will follow a standard measurement period, which will begin from the pay period that includes October 1 to October 1 of the following year to determine eligibility during the next plan year. Eligible employees will be allowed to make an election to waive, enroll or continue coverage during the City's Open Enrollment Period. The coverage period for employees who select coverage during open enrollment will be from January 1 to December 31. Existing temporary employees who are enrolled in a health plan and are determined not to meet the full-time eligibility status at the end of the standard measurement period will have their health coverage terminated effective December 31 of that same calendar year. Upon separation from employment, coverage will terminate as set forth in Section 3.

As set forth by the PPACA, employee premium for single only coverage cannot exceed 9.56% of household income (percentage may be subject to change by the Federal Government). As permitted by law, the City will determine the corresponding employee premium and City contribution towards premiums in accordance with one of the Affordability Safe Harbors. If the employee chooses to enroll eligible dependents and selects two-party or family coverage, the City contribution will be based on the single only coverage and the employee must pay the additional premium cost.

10. **Health and Benefits Committee (HBC)**

A committee consisting of representatives from the City's various bargaining units meets periodically to discuss employee benefits, wellness and insurance issues. This committee shall serve as an advisory board and make recommendations to the Human Resources Director regarding the insurance providers, benefits policies and/or provisions, employee health and wellness programs, resolving employee concerns and other issues as they arise.

Disclaimer: This policy is for internal processes only. Should a discrepancy exist between this document and the Insurance Plan Document, the Insurance Plan Document will prevail. Should a discrepancy exist between this document and Federal or State Law, the Federal or State Law will prevail.