

**ALLEGAN COUNTY
POLICY**



**TITLE: HEALTH / DENTAL / VISION INSURANCE
POLICY NUMBER: 502**

APPROVED BY: Board of Commissioners

EFFECTIVE DATE: January 1, 2020

1. **PURPOSE:** This policy outlines the basic offerings for medical, dental and vision insurance available to eligible County employees and retirees.

2. **DEFINITIONS:**
 - 2.1. PPO - Preferred Provider Organization
 - 2.2. HDHP - High Deductible Health Plan
 - 2.3. HSA - Health Savings Account
 - 2.4. COBRA - Consolidated Omnibus Budget Reconciliation Act of 1985

3. **POLICY:**
 - 3.1. **Medical, Dental and Vision Insurance:** The Employer provides health care coverage for medical, dental and vision for the employee, spouse and children (one-person, two-person and family) subject to the provisions of this Article. Currently the plan options are:
 - 3.1.1. PPO Plan 70% (Option 1) – Deductibles are \$500/\$1,000 with 70% co-insurance provided after deductible.
 - 3.1.2. HDHP HSA Plan 100% Plan (Option 2) – Deductibles are \$3,300/\$6,600 with 100% co-insurance provided after deductible. The HDHP for this HSA shall meet and continue to meet all IRS requirements.
 - 3.1.3. HDHP HSA Plan 80% (Option 3) – Deductibles are \$3,300/\$6,600 with 80% coinsurance provided after deductible. The HDHP for this HSA shall meet and continue to meet all IRS requirements.

 - 3.2. **HSA Deposit:** The Employer shall deposit into the employee's HSA account the excess of the applicable Employer contribution (set forth below) above the costs for medical, dental and vision benefits (based on the illustrative rates determined by the third-party administrator for that year unless otherwise agreed to by the parties in writing). The excess shall be split into 26 equal deposits made through regular payroll commencing with the first regular paycheck issued on or after January 1 of the applicable year.

See the www.allegancounty.org site for Benefits-at-a-Glance summary sheets for each of the plans currently offered.

3.3. **Employer Medical Cap:** The Employer shall be in compliance with Section 3 of Michigan Public Act 152 of 2011. In addition, it is agreed that the caps contained therein shall apply to the total combined cost of medical benefits. Accordingly, the Employer's contribution to that combined cost shall be capped at the amounts set forth therein (as adjusted annually by the state treasurer), which are as set forth in Section 3.4 below. The Employer's contribution for a regular part-time employee shall be capped at 50% of the above amounts.

3.4. **Employer Medical Contribution:** The Employer's contribution per year for medical benefits shall be as follows:

2020: Single – \$6,818.87, 2-Person – \$14,260.37, Family – \$18,596.96.

In any given future plan/contract year ("new year"), the Employer's contribution for medical benefits shall be increased by the rate of increase in illustrative rates from the preceding year as determined by the third party administrator (unless otherwise agreed to by the parties in writing), but shall not exceed the State of Michigan's adjusted cap for the new year.

3.5. **Employer Dental and Vision Contribution:** The Employer's annual contribution for dental and vision benefits shall be equal to 5% of the Employer Medical Contribution.

3.6. **Employee Contribution:** The employee shall pay all costs for medical, dental and vision benefits (based on illustrative rates determined by the third-party administrator unless otherwise agreed to by the parties in writing) in excess of the applicable Employer contribution set forth above. This employee contribution shall be split into 24 equal deductions and deducted from the employee's paycheck on the first and second paycheck of every month.

3.7. **Incentive to opt out:** The Employer shall pay employees an incentive of \$3,000 (\$1,500 for regular part-time employees) per year for those employees who opt out of the Employer's medical/dental/vision program. An employee must work at least through the 15th of a month to receive a month's credit. The incentive shall be accrued on a calendar-year basis and paid no later than February 28th following the end of the calendar year in which the incentive was earned. Employees who choose to opt out must sign a waiver during the open enrollment period, unless there is a family qualifying event for coverage under COBRA. The incentive is not available to spouses of the Employer's employees when both spouses are employees of the Employer.

3.8. **Health Care Cost Containment:** The Employer at its option may implement any or all of the following health care cost containment programs:

3.8.1. Pre-admission certification of the necessity of hospitalization (BC-BCSM predetermination program or equivalent).

3.8.2. Excluded from reimbursement under the prescription drug program are cosmetic drugs and non-prescription smoking cessation aids.

- 3.8.3. Excluded from benefits coverage are maternity benefits for persons acting as surrogate mothers.
- 3.8.4. When more than one family member is employed by the Employer, there shall be no duplicate coverage by Employer health plans.
- 3.8.5. In the event of any payment under the Employer's health insurance plan on behalf of any person covered by such insurance plan, the Employer shall be subrogated to the extent of said payment to the covered person's right of recovery therefore against any persons or organization in a tort action. It is further understood between the parties that subrogation applies to direct medical expenses paid and not to subjective damages such as "pain and suffering."
- 3.8.6. In a joint continuing effort to control the cost of insurance, the Employer and the Union agree to a strict coordination of benefits program which is designed to prevent people from making a profit on health insurance by collecting more than the actual cost of covered services. Under this program, the benefits payable under Employer health insurance and any other group health insurance policy which an employee or any covered dependent may have will not exceed the total amount of medical expenses.

3.9. **Wellness Benefits:** The Employer shall offer any additional wellness/prevention benefits which are offered in the future by the Employer to employees in general.

3.10. General Provisions:

- 3.10.1. The Employer shall select or change the insurance carrier or third-party administrator in its discretion and shall be entitled to receive any dividends, refunds, or rebates earned without condition or limits of any kind.
- 3.10.2. All benefits shall be subject to standard provisions set forth in the policy or policies.
- 3.10.3. Benefits for otherwise eligible new employees will become effective the first day of the calendar month following the employee's date of hire.
- 3.10.4. When employment and seniority is interrupted by layoff, discharge, quit, strike, retirement, unpaid leave of absence (other than FMLA) or any other reason, all insurance coverage continues only for the balance of the month in which such termination or interruption occurs.
- 3.10.5. The Employer shall have no obligation to duplicate any benefit an employee receives under any other policy with any other employer notwithstanding the circumstances of eligibility, amount or duration of benefit, and it shall be the obligation of the employee to inform the Employer of any and all insurance coverage enjoyed by said employee other than coverage by the Employer herein a party.
- 3.10.6. Should the Employer be obligated by law to contribute to a governmentally sponsored insurance program, national or otherwise, which duplicates the benefits provided by the Employer under insurance policies currently in effect as a result of this Agreement, it is the intent of the parties that the Employer not be obligated to provide double coverage and to escape such double payments, the Employer shall be permitted to cancel benefits or policies which duplicate, in whole or in

part, compulsory governmentally sponsored insurance programs.

3.10.7. Under no circumstances shall an employee be entitled to recover more than 100% of such employee's loss using in whole or in part insurance policies of the Employer. It is understood and agreed that this is a total coordination of benefits requirement which includes, but is not limited to, no-fault automobile insurance.

3.11. **Insurance Carrier:** The Employer reserves the right to select the health insurance carrier(s) or to implement self-insurance or other method of funding health care coverage, provided that the benefits remain substantially comparable. Administrative aspects of the health care plan(s) (including the network of providers) shall not be considered a benefit.

3.12. **Insurance Premiums:** The Employer shall commence all insurance premiums in accordance with the established policy of the Employer. All Employer-paid insurance premiums shall cease at the end of the month when employment is terminated or when the employee is placed on layoff or in a non-paid leave of absence (other than FMLA). Receipt of Worker's Compensation benefits without a PTO supplement shall not be considered as a paid leave of absence. Medical insurance may be continued in accordance with COBRA upon the pre-payment of the required premiums by the employee.

3.12.1. The Employer agrees to maintain the agreed-upon Employer contribution rates as outlined in this policy during all periods of FMLA in accordance with applicable laws. Further, the Employer agrees to maintain the agreed-upon Employer contribution rates as outlined in this Article 1) after all FMLA has been exhausted, for a period of up to 12 months, and/or 2) while an employee receives disability insurance benefits; provided the employee uses and records enough PTO time to cover the employee's deductions in each pay period during the month in which the coverage is to be continued. If the employee does not have sufficient PTO to cover the cost of the employee's deductions, the employee may pay the Employer to cover such cost. Any employee who does this shall make said payment prior to the last day of each pay period during the month in which the coverage is to be continued. If the employee does not timely pay the Employer to cover such cost, the coverage shall end.

3.13. **Active Duty:** When County employees are called to active duty by the United States Armed Forces, the County will pay 100% of the medical plan premium from the employee and dependents until the employee is released from duty. The plan coverage shall continue for a period of thirty (30) days from the date of release.

3.14. **Retiree Health Insurance:** Unless otherwise specified in a collective bargaining agreement, employees taking a normal retirement under an Allegan County sponsored retirement plan may be eligible to enroll in the Allegan County Medical Plan for Retirees. Eligibility is determined as follows:

3.14.1. Employees going from active employment with the County to retired status, at the

- time of their initial retirement, are eligible for participation in the medical plan.
- 3.14.2. Employees not participating in the employee medical plan prior to retirement are not eligible for participation in the retiree medical plan.
 - 3.14.3. Retirees eligible for health care coverage through a spouse, other full-time employment or another retirement plan, are not eligible for the retiree health plan.
 - 3.14.4. Eligible retirees can choose from those medical plans offered by the County at the time of retirement and then during open enrollment period each year. Retirees can cancel their coverage any time during a plan year, but will not be eligible for reenrollment.
 - 3.14.5. Retirees are responsible for payment of the full premium, unless stated differently under a collective bargaining agreement. If, at any time a retiree fails to make a payment on a timely basis the County will attempt to contact that retiree, prior to cancellation of coverage. If the retiree is incapacitated, medical plan coverage will be continued for thirty (30) days and payment must be resumed on a current basis. Any retiree cancelled for non-payment of premium is not eligible for reenrollment.
 - 3.14.6. Plan participation is limited to the retiree, spouse and eligible dependents at the time of actual retirement. Surviving dependents will be offered COBRA continuation and/or conversion coverage.
- 3.15. **Changes in Plans or Carriers:** Health care benefits for employees and retirees are provided according to the master plan(s) and / or group insurance contract(s). Each participant will receive information regarding summary descriptions of the benefits, eligibility rules and required employee contributions. The County reserves the right to change or terminate these benefits, and to select the insurance carrier or implement self-insurance, at any time in the sole discretion of the Board of Commissioners. In any situation where insurance or other benefits are provided, the terms of the insurance policy or benefit plan control regardless of any statement contained in this handbook.
- 3.16. **IRS Section 125 Plan:** Allegan County will make IRS Section 125 Plans available to employees for premium payment, medical reimbursement and dependent care reimbursement. Administrative fees will be paid by the County.