

**ORDINANCE REGARDING RETIREE HEALTH INSURANCE ELIGIBILITY FOR WAKE COUNTY GOVERNMENT EMPLOYEES**

**WHEREAS**, the Board of Commissioners determines the eligibility of health insurance benefits for Wake County retirees and previously adopted resolutions on September 8, 1981; July 1, 1984; May 2, 1994; April 7, 1997 and April 1, 2012 to outline guidelines for coverage; and,

**WHEREAS**, the Board of Commissioners maintains the right to modify its personnel ordinance and policy to effect a more desirable result for vested and eligible employees; and

**WHEREAS**, the Board of Commissioners approves this ordinance in an effort to clarify and codify the practices and guidelines regarding the administration of Retiree Health Insurance; and,

**WHEREAS**, pursuant to the Wake County Human Resources Administration Manual, all changes in benefits must be approved by the Board of Commissioners and such changes in the guidelines align with approved Wake County health plans; and,

**WHEREAS**, this ordinance should resolve all other resolutions and should serve as the guide for retiree health insurance.

**BE IT ORDAINED** by the Board of Commissioners of Wake County, North Carolina that Section 3, Chapter 31 of the Personnel Ordinance is hereby amended to establish the rules and guidelines for Retiree Health Insurance.

**Section 31.14: Retiree Health Insurance Guidelines**

- A. **ELIGIBILITY REQUIREMENTS:** To be eligible to participate in the retiree health benefits program, an employee must be a benefit eligible, vested employee who:
- 1) Shall have been hired before 7/01/2011 and have remained continuously employed in a benefits eligible position with Wake County; and
  - 2) Must have reached the years of service threshold through their employment with Wake County as described in Section B and as determined by the original hire date; the years of service eligibility for retiree health insurance is to be calculated consistently with that of the NC Local Government Retirement System, factoring in only the years of service with Wake County; and
  - 3) Must be eligible for retirement by satisfying the current years of service requirements of the Local Government Retirement System for early, full, or disability retirement at the time of separation from Wake County; regardless of whether the employee applies for or begins receiving retirement benefits at the time of his separation from Wake County government; and
  - 4) Shall be enrolled in the County's retiree health insurance program prior to separation from the County.

5) The following definitions are applicable to be eligible for retiree health insurance:

- a. A “benefits eligible employee” is an employee who is full-time or who is part-time, working 20 or more hours per week.
- b. A “vested” employee is one who has 5+ years with the NC Local Government Retirement System. Being vested does not necessarily qualify the employee for retiree health insurance; the employee must meet the Wake County years of service, as defined below.
- c. “Years of Service” mean actual years of service with Wake County in a benefits eligible position. Time in a non-benefits eligible part-time position, temporary position, contract role, etc. does not count towards “years of service”. A “year of service” is to be calculated similarly to that of the NC Local Government Retirement System.
- d. “Continuously employed” includes a recall/reinstatement within one (1) year of the date of a separation as defined as of April 1, 2012 in Wake County Human Resources Administration Manual.

**B. RETIREE CONTRIBUTIONS:** The contribution structure for retiree health insurance is based on date of hire, with respect to the amount that is paid for employee only coverage. Retirees pay the full cost of dependent coverage per Section C. The contribution structure is as follows:

1) For benefits eligible employees hired or reinstated on or before May 15, 1994:

Wake County Service	Payment of Employee Contributions
Less than 5 Years	Not Eligible
5 to 9 Years	Retiree Pays 100%
10 or more Years	County Pays 100%

2) For benefits eligible employees hired or reinstated after May 15, 1994 but on or before April 15, 1997:

Wake County Service	Payment of Employee Contributions
Less than 10 Years	Not Eligible
10 to 19 Years	Retiree Pays 50%
20 or more Years	County Pays 100%

3) For benefits eligible employees hired or reinstated after April 15, 1997 but on or before June 30, 2011:

Wake County Service	Payment of Employee Contributions
Less than 20 Years	Not Eligible

20 or more Years

County Pays 100%

- 4) Employees hired or rehired after June 30, 2011 are not eligible for retiree health insurance benefits. Employees reinstated after June 30, 2011 may be eligible if all conditions outlined in the applicable Wake County Human Resources Administrative Manual.
  - 5) The county reserves the right to implement contribution surcharges according to programs and policies so long as premium surcharges are within federal and state regulations. Such surcharges would apply to pre-65 retirees and their applicable dependents.
  - 6) Failure to provide a timely payment of retiree medical insurance contributions, including any applicable surcharges, may result in the cancellation of retiree health insurance for the retiree and dependents.
- C. **COVERAGE OF DEPENDENTS:** The ability to cover dependents and the associated cost of such coverage, shall be as follows:
- 1) Separation from employment shall be considered a qualifying life event for purposes of electing dependent coverage and therefore eligible retirees may choose to cover any dependents, legal spouses or children, at the time of separation. Dependents are to be covered at the retiree's expense, where the retiree pays the same rate as active employees.
  - 2) Dependents not enrolled in the health plan at the time of separation may not be added to the retiree's health insurance at a later date. Such changes are also not permissible upon a qualifying life event.
  - 3) Post separation, retirees may only drop coverage for dependents with a qualifying life event and/or annually during open enrollment. Once retiree health coverage for a dependent has been dropped, the dependent may not be reinstated into coverage through the Wake County retiree health plan.
  - 4) Upon the death of the retiree, dependent coverage terminates. Coverage may be offered in accordance with the Consolidated Omnibus Budget Reconciliation Act (COBRA); eligible spouses and dependents who elect COBRA coverage will be responsible for the rates associated with any elections.
- A "qualifying life event" is defined by Section 125 of the Internal Revenue Services and includes events such as death, divorce, change in health coverage due to employment, child reaching the age in which coverage is no longer available as governed by the health plan regulations for active employee, etc.

- D. *MEDICARE ELIGIBILITY:*** Once a retiree is Medicare eligible, retiree health insurance with the County will pay secondary as indicated within our benefit plan document.
- E. *FOREFEITTING COVERAGE:*** If a retiree declines coverage, fails to elect coverage at the time of separation or chooses to drop coverage, the retiree shall forfeit his/her retiree medical insurance benefit.
- F. *IMPLEMENTATION:*** The County Manager shall institute human resources policies and procedures to implement the requirements of this ordinance.

**Adopted and effective this the 18<sup>th</sup> day of September of 2017.**