

## ARTICLE XIX      INSURANCE

### Section 1.      Health Plan Premium

- A. Except as modified by Section 1.C., D. E. and F., below, the County will offer health plans to all full-time regular, limited term and probationary employees and their eligible dependents. Subject to Subsection H below the County will pay ninety-five (95) percent of the employee's premium or seventy-five (75) percent of the total health plan premium, for each employee and such employee's eligible dependents. Employees will pay the remaining portion of the total plan premium and consent to have their portion deducted from their County regular or supplemental payroll checks. The Health Plan premiums are adopted by, and may be modified by, the Board of Supervisors.
- B. Except as modified in Section 1.C., D., E., and F. below, the County will offer health plans to all part-time regular, limited term, and probationary employees. Enrollment of part-time employees shall be restricted to employees whose normal workweek consists of at least twenty (20) hours. The County will pay fifty (50) percent of the employee's premium or thirty-seven and one-half (37 ½) percent of the total health plan premium, for each employee and such employee's eligible dependents. Employees will pay the remaining portion of the total plan premium and consent to have their portion deducted from their County regular or supplemental payroll checks. Coverage shall be terminated for any employee whose normal assigned hours are reduced to less than twenty (20) in a full workweek.
- C. Two married full-time employees who are enrolled in the same health plan must be enrolled as Employee Married to Employee (EME). While enrolled as EME, the County will pay the full cost of employee and dependent coverage for each EME. Employees must report any subsequent changes in marital status, such as legal separation or divorce, within 30 days of the event. Failure to report legal separation or divorce from a covered spouse shall require repayment of all premiums paid by the County under this program during the period in which the employees were ineligible due to legal separation or divorce.
- D. Dual Coverage: If two married employees are enrolled in separate health plans neither employee may cover the employee's spouse as a dependent on their health plan. Eligible employees may choose to enroll in different health plans and choose to cover eligible dependent children on one or both health plans, subject to employee contributions for coverage.
- E. For employees who are on approved leave which meets the requirements of Family Leave pursuant to Article IX, Section 11 and applicable law, the County shall continue to pay health insurance premiums as provided in A., B. and C., above, to the extent required by applicable law.

- F. For employees who are on approved leave which meets the requirements of Pregnancy Disability Leave pursuant to Government Code section 12945, the County shall continue to pay health insurance premiums as provided in A and B above, to the extent required by applicable law.
- G. Effective January 1, 2008, active employees are pooled separately from retirees for purposes of setting premiums for participation in County-offered health plans.
- H. The County's contribution toward the employee-only premium, as stated in Subsection A above, may be reduced in accordance with the County 2013 Health Plan Recommendations, at such time as the County deems appropriate. In addition, the County's contribution toward the employee's premium as stated in Sections 1.A., 1.B. and 1.C., and plan designs for the County-sponsored health plans, may be altered during the term of this MOU in accordance with the County 2013 Health Plan Recommendations, at such time the County deems appropriate.

## Section 2. Health Plan Enrollment

- A. New eligible employees will be enrolled in the health plan of their selection effective the first day of the month following the first thirty (30) days of employment. Eligible full-time employees failing to elect a plan will be enrolled in the Wellwise PPO Health Plan, employee only. Eligible part-time employees failing to elect a plan will be enrolled in the Sharewell PPO Health Plan, employee only. Employees who go out on leave of absence prior to satisfying the waiting period for coverage shall not be eligible for coverage until returning to work unless required by state/federal law. Upon return to work, coverage will become effective the first day of the month following thirty (30) days from the date of return unless otherwise required by state/federal law.
- B. Terminated employees will be continued with coverage in all health plans until the last day of the calendar month in which they terminate employment. Terminated employees may be eligible for continuation of health insurance as required by the Consolidated Omnibus Budget Reconciliation Act (COBRA) and/or by other state/federal law.
- C. The County shall provide for an open enrollment period once each calendar year for employees, employees' eligible dependents, and retirees to change their enrollment in a County health plan.
- D. Employees who are enrolled in a County health plan at the time of retirement will be given the opportunity to elect and enroll in a Retiree health plan.

### Section 3. Other Insurance Coverage and Physical Examination

- A. The County will provide to all full-time regular, limited-term and probationary employees the following:
  1. Short-term Disability Insurance Plan at no cost to the employee to provide, after sick leave or 192 hours of annual leave is exhausted, sixty (60) percent of salary for up to one (1) year for certified nonoccupational injury or illness. The plan will also provide for continuation of the County's share of premiums for health, dental and life insurance benefits while the employee is on Official Leave for non-occupational disability for up to one (1) year from the effective date of disability.
  2. Long-term disability insurance coverage at no cost to the employee to provide up to sixty (60) percent of salary.
  3. Life Insurance and Accidental Death and Dismemberment Insurance:
    - a. Basic Life insurance and accidental death and dismemberment insurance will be provided in the amount of \$100,000 for all full-time administrative management employees without proof of insurability. Such insurance will be subject to the limitations of liability contained in those insurance policies. Benefits are subject to Imputed Income requirements as required by law.
    - b. Employees will have the option to purchase additional life insurance coverage options without proof of insurability if purchased within thirty (30) days of eligibility. Some levels of additional life insurance coverage, or any additional life insurance coverage purchased after thirty (30) days of eligibility require proof of insurability. Employees will have the option to purchase additional supplemental life and accidental death and dismemberment coverage including dependent coverage. Such insurance will be subject to the limitations of liability contained in those insurance policies.
  4. Voluntary annual physical examinations by a County-designated physician at no cost to the employee.
- B. The County will provide dental insurance for the employee and dependents to all full time regular, limited term and probationary employees.

Part-time regular, limited-term and probationary employees will have the option of purchasing dental insurance for the employee and dependents by paying one-half the monthly rate paid by the County for full-time employees, provided the employee's normal workweek consists of at least twenty (20) hours.

#### **Section 4.      Premium Only Plan**

The County will administer a Premium Only Plan that will allow an employee to pay for health insurance premiums as permitted by state and federal law, regulations, and guidelines. Under the plan, an employee's gross taxable salary will be reduced by the amount of his or her share of the premium costs of County-provided health insurance coverage as permitted by state and federal law, regulations, and guidelines.

#### **Section 5.      Retiree Medical Plan**

##### **A.      Retiree Medical Grant**

1. Effective August 1, 1993, and as amended by the Board of Supervisors, the County implemented a Retiree Medical Plan ("the Plan") for employees who have retired from County service and who meet certain eligibility requirements of the Plan.
2. The County will: (a) fund the cost of the Plan; and (b) establish a trust to administer the Plan.
3. Upon paid County retirement, if eligible, a retiree shall receive a Retiree Medical Grant (Grant). The Grant may be applied only towards the cost of retiree and dependent coverage in a County-offered health insurance plan and/or Medicare premiums as provided below.
  - a. Upon implementation of the Plan, for eligible retirees the Grant shall be an amount based on ten (10) dollars per month for each full year of credited service in an Eligible Classification up to a maximum of twenty-five (25) years. In each fiscal year, the amount of such Grant shall be adjusted by the average percentage increase or decrease in County health plan premiums no later than the effective dates of such change, not to exceed three (3) percent per year. In no case shall the Grant exceed the actual cost of the health insurance and/or Medicare premiums.
  - b. The Grant will be adjusted as follows:
    - 1) The Grant will be reduced by seven and one-half percent (7½%) per year for each year of age the employee is less than age 60, based upon the employee's age on the date when the employee takes active retirement from OCERS. For the purpose of deferred retirement, the date on which the deferred retiree takes active retirement from OCERS will be deemed the retirement date.

- 2) The Grant will be increased by seven and one-half percent (7½%) per year for each year of age the employee is greater than age 60, based upon the employee's age on the date when the employee takes active retirement from OCERS. For the purposes of the Grant increase, no years of age after age 70 will be considered. For the purpose of deferred retirement, the date on which the deferred retiree takes active retirement from OCERS will be deemed the retirement date.
  - 3) Sections 5.A.2.b.1 and 5.A.2.b.2 shall not apply to Safety Classifications or Disability Retirements.
  - 4) The Grant for all eligible retirees (including retirees on disability) and surviving dependents will be reduced by fifty percent (50%) the first day of the month the retiree or surviving dependent becomes eligible for both Medicare Part A (without paying a premium) and Medicare Part B or immediately, if the retiring employee is eligible for Medicare Part A (without paying a premium) and Medicare Part B, as of the date of retirement. This provision does not apply to a retiree or surviving dependent eligible for the Grant who has attained age 65 on or prior to September 26, 2006 and is eligible for both Medicare Part A (without paying a premium) and Medicare Part B.
- c. All current employees who retire and become eligible for a Grant shall be provided a one (1) time opportunity of thirty (30) days to enroll in a County-offered health plan from the date they retire. Should a retiree fail to enroll during the aforementioned thirty (30) day period or should he or she terminate coverage or fail to make necessary payments, the retiree and dependents shall forfeit any right to a Grant, if eligible, and enrollment in a County offered health plan.

B. Retiree Medical Plan Lump Sum; Termination; Phase Out

1. An employee who was employed by the County prior to June 23, 2006 and who separates from County service prior to meeting the eligibility requirements for the Grant shall receive a lump sum (Lump Sum benefit) cash payment in accordance with B.2. below. The Plan Lump Sum benefit is terminated for all new County employees hired on or after June 23, 2006.

2. An employee who is employed by the County prior to June 23, 2006, who thereafter separates from the County and who does not qualify for a Grant shall receive a Lump Sum benefit equal to one percent (1%) of his or her final average hourly compensation multiplied by his or her qualified hours of service after August 1, 1993 and prior to June 23, 2006. The final average hourly compensation shall be calculated on base salary over the six thousand two hundred forty (6240) regularly paid hours immediately preceding June 23, 2006.
3. Receipt of the Grant shall permanently revoke any claim to a Lump Sum benefit even if the retiree subsequently terminates participation in a County-offered health plan and/or Grant. Receipt of the Lump Sum benefit shall permanently revoke any claim to the Grant.

C. Eligibility Requirements for Retiree Medical Grant

1. Retiree must be actively retired from the County of Orange and receiving a monthly retirement allowance from the Orange County Employees Retirement System (OCERS).
2. Retiree must have retired with at least ten (10) years of credited County service except as provided in C.2.a., b., c., and d. below:
  - a. A retiree who receives a service-connected disability retirement pension under OCERS shall be eligible for a Grant equal to either ten (10) years of service or actual years of credited County service, whichever is greater.
  - b. A retiree with a minimum of five (5) years of credited County service who receives a non-service connected disability retirement pension under OCERS shall be eligible for a Grant based on actual years of credited County service. An employee with less than five (5) years of credited County service who receives a non-service connected disability retirement pension under OCERS shall not be eligible for a Grant.
  - c. A separated employee who has less than ten (10) years of credited County service or is under normal retirement age and requested a service or non-service connected disability retirement pension under OCERS shall not be eligible to receive either the Grant or the Lump Sum benefit until a determination of disability status is made by the Orange County Board of Retirement.
  - d. A separated employee who receives a Lump Sum benefit pursuant to this Section shall be ineligible for the Grant if, at a later date, the Board of Retirement grants a disability retirement.

2. All eligible retirees and enrolled dependents who are age sixty-five (65) or older must be enrolled in Medicare Part B in order to be eligible for the Grant. All eligible retirees and dependents that are entitled to Medicare Part A coverage without a premium must be enrolled in Medicare Part A to be eligible to receive the Grant.
3. Deferred Retirement
  - a. An employee who, upon separation from County service, is eligible for paid retirement and elects deferred retirement must defer participation in the Grant until such time as he or she becomes an active retiree.
  - b. An employee who is not eligible for paid retirement at the time he or she separates from County service shall not become eligible for participation in the Grant.
5. For purposes of this Section, a full year of credited service shall be based upon those regular hours the employee worked for the County as a regular, limited-term and/or probationary employee. Two thousand eighty (2080) regular hours, exclusive of overtime, shall equal one (1) full year of service. Hours of service performed in periods before August 1, 1993 shall be counted toward credited service only if the employee is continuously employed by the County from August 1, 1993 until his or her retirement. For this purpose a layoff will not be regarded as a break in continuous employment if the employee is reemployed by the County in an eligible classification following such layoff.

D. Survivor Benefits

1. A surviving dependent of a retiree who was eligible to receive a Retiree Medical Grant, as stated above in A through C, and who qualifies for a monthly allowance shall be eligible for fifty (50) percent of the Grant authorized for the retiree.
2. A surviving eligible retiree who qualifies for a monthly retirement allowance who was married to a retiree who was also eligible for a Grant shall receive the survivor benefit described in D.1., above, or his or her own Grant, whichever is greater. Such retiree shall not be eligible for both Grants.