

VILLAGE OF HOFFMAN ESTATES

HEALTH INSURANCE OPT-OUT PROGRAM January 1, 2019 through December 31, 2019 PLAN YEAR

Purpose

The Village of Hoffman Estates, as with many employers, must deal with the continuing increase in the cost of health insurance. The Village is aware that some employees may not need the Health insurance benefits offered through the Village because alternative coverage is available under a spouse's insurance plan. A health insurance opt-out program is being offered to employees who have alternative coverage. Current employees who for the plan year discontinue participation in an existing Village health insurance plan or reduce coverage from a family to a single plan will receive a bi-weekly payment in recognition of the Village's insurance cost savings. Newly hired employees are also eligible for the program.

Program

A full time employee who has an alternative source of health insurance coverage and wants to either discontinue or reduce the current level of coverage under a Village health insurance plan may do so during the Open Enrollment period for the benefit year January 1 through December 31, 2019. In return, the employee is eligible for a twelve (12) month monetary waiver payment. Because having health insurance is vitally important, no employee will be allowed to waive/reduce existing coverage unless they can offer proof of coverage under an alternate health insurance plan.

Employees desiring to participate in the Opt-out program must complete a waiver form (copy attached) and submit it to the Human Resources Management (HRM) Department during the Open Enrollment period in October. Following the submission of the waiver application and verification of alternate insurance coverage, the current Village health insurance coverage will terminate on December 31, 2018. An employee may qualify as a participant in the opt-out program during the twelve (12) month program if within thirty (30) days of a qualifying life-changing event (i.e., marriage) that provides them with alternative coverage they apply at HRM for the program.

Participants in the program will in addition to the waiver payment no longer have a bi-weekly deduction of the employee premium co-payments. The waiver payment is made over twenty-four (24) pay periods during the plan year January 1, 2019 through December 31, 2019. All payments are considered income and are subject to normal withholdings. Offering this program does not obligate the Village to continue the program from year-to-year if it is not economically feasible or if in conflict with Federal or State law. (Contact HRM for the current calendar year's waiver rates).

Health insurance opt-out payments can be received for three (3) changes in health coverage.

1. The discontinuation of participation in a Village single health insurance plan.
2. The discontinuation of participation in a Village family health insurance plan.
3. The reduction of Village health insurance coverage from a family plan to a single plan (only available to those employees providing evidence of alternative family health insurance coverage). This option is NOT available to employees who naturally or under plan terms lose family status (e.g., divorce, death, age of dependent child, etc.).

An employee whose spouse is also a Village employee and both individuals have insurance, will be eligible to participate in the program.

Part-time Employees

Eligible part-time employees who work an average twenty (20) hour per week schedule are eligible to participate in the PPO3 plan by paying 100% of the premiums. After four (4) years of continuous Village employment in a capacity eligible for health insurance participation, the Village will contribute the employer's co-payment of the PPO3 single plan premium cost. Those part-time employees enrolled in the Village PPO3 health insurance plan and are eligible for the employer's co-payment of premium costs may participate in the opt-out program. For the discontinuation of PPO3 health insurance coverage, a waiver payment will be made based on a single PPO3 rate.

New Employees

New full time employees starting with the Village after the beginning of a plan year may be eligible to participate in the opt-out program by declining health insurance coverage during the initial enrollment period. Such employees will only be able to decline coverage equal to the type of coverage they had upon employment with the Village. The waiver payment received will be prorated for the balance of the plan year (January 1 – December 31) based on the number of waiver payment pay periods remaining in the plan year. Also, new employees must also offer proof of coverage under another health insurance plan.

If the employee was eligible for family coverage from their previous employer, however elects single coverage, the employee will be eligible for the reduction from family to single coverage waiver payment.

Duration

A waiver of health insurance is in effect for twelve months (January 1 – December 31). If economically viable and not in conflict with Federal or State law, the Village may authorize the program for the next benefit year (January 1 – December 31). Employees who prefer

to continue in the opt-out program for the next benefit year must complete a new waiver form (with proof of alternative insurance coverage) during the designated open enrollment period. Employees desiring not to continue in the Opt-out program MUST complete all required enrollment forms for Village health insurance coverage at the next open enrollment period with coverage effective the start of the plan year.

Separation

If an employee participating in the opt-out program separates employment with the Village during a plan year, waiver payments will only continue through the last payroll period employed. **NOTE: An employee participating in the program who retires during the plan year does NOT have health insurance rights to participate in a Village health insurance plan after retirement.**

Re-Enrollment

Re-enrollment to a Village health insurance plan can only occur during the annual open enrollment period or within thirty (30) days of a life-changing event (e.g., spouse losing insurance coverage). Under a qualifying re-enrollment during the plan year, the waiver payment will cease in the payroll period that Village health insurance coverage becomes effective. Employees, opting-out and re-enrolling in a Village health insurance plan, must continue Village coverage for three (3) plan years to again be eligible for the opt-out program.

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HEALTH INSURANCE OPT-OUT PROGRAM

HEALTH INSURANCE OPT-OUT WAIVER PAYMENTS
For the January 1, 2019 – December 31, 2019 Plan Year

The opt-out payments are approximately 20% of the average of the types of coverages in effect for the plan year (e.g., average of the annual HMO single premium and the annual PPO single premium).

For the 2019 twelve (12) month program (January 1, 2019 through December 31, 2019), the annual waiver payments (paid over 24 pay periods) for **FULL-TIME** employees discontinuing or reducing existing coverage, or as a **NEW FULL-TIME** employee declining participation in a Village Health Insurance plan, are as follows:

	<u>12 months</u>
Discontinue/Decline Single Coverage -	\$ 1,877.79
Reduction from Family to Single Coverage -	\$ 2,810.09
Reduction from PPO-3 1+1 to Single -	\$ 1,992.38
Discontinue/Decline Family Coverage -	\$ 4,687.88

For the 2019 program, eligible **PART-TIME** employees enrolled in the Village PPO3 health insurance plan in which the Village is contributing the employer's standard co-payment, and who wish to discontinue/decline existing coverage, are eligible for the following annual waiver payment (paid over 24 pay periods).

Discontinuation/Decline PPO3 Coverage -	\$ 1,990.30
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