

Town of Dudley

Policy on Group Health, Dental, and Life Insurance Coverage for Active Employees and Retirees

I. INTRODUCTION

This policy details the terms under which the Town offers group health, dental, and life insurance coverage to its employees and retirees in accordance with adopted provisions of Massachusetts General Laws (M.G.L.) Chapter 32B.

The contents of this policy are presented as a matter of information and general guidance. It is not intended to and does not constitute a contract between the Town and its employees. The Town reserves the right to change this policy and the benefits summarized herein from time-to-time, including, but not limited to, the providers, plans, plan designs and premium contribution rates.

Some of the contents of this policy may be subject to the underwriting provisions of the insurers that provide the Town with group insurance coverage. In the event of a conflict between this policy and the underwriting provisions of the insurer regarding provisions such as open enrollment dates, employee eligibility and cut-off dates, and definitions and time requirements for “qualifying events,” the Town is bound by the underwriting provisions of the insurer.

II. SCOPE

The Town offers group health, dental, and life insurance benefits to all benefit eligible active employees and certain retirees as defined in M.G.L. Chapter 32B, Section 2 and this policy. This policy will detail the terms of the Town’s contributions for health, dental, and life insurance premiums for eligible employees and retirees.

III. AUTHORIZATION

The Town has adopted certain provisions of M.G.L. Chapter 32B, which govern the benefit programs available to Town employees and retirees. Sections of the law adopted by the Town are detailed in Appendix A.

IV. GENERAL ELIGIBILITY

A. Active Employees: Employees regularly scheduled to work 20 or more hours per week are eligible for insurance coverage.¹ For the purposes of this policy, an employee who works an irregular schedule will be deemed to “regularly work 20 or

¹ The paid elected positions of Town Clerk, Town Collector, and Town Treasurer are considered to be employees and, therefore, eligible for insurance coverage. Members of the Board of Selectmen are eligible for coverage during, but not after, their term(s) of service.

more hours per week” if the average of their scheduled hours of work over a period of eight (8) consecutive, calendar weeks is 20 or more.

New hires, or employees newly eligible for insurance² who wish to join a group health, dental, and/or life insurance plan must submit their application materials within 14 days of hire/eligibility with the Town indicating their choice to enroll or waive coverage during their initial eligibility period. Coverage begins 30 days after hire/eligibility. Premiums are paid to the provider in advance for the subsequent month of coverage. Employees with a separation in service are considered new hires under this policy.

Any eligible employee not wishing to enroll in group insurance must sign a “waiver of insurance.”

B. Retirees: Retirees can receive health insurance benefits if they elected to do so at the time of retirement. Retirees who do not elect health insurance benefits within two weeks of their retirement date will not be allowed back on to the plan after their retirement date. For the purposes of this provision, the retirement date will be the last date of employment with the Town. Retirees must have their insurance premium deducted from their retirement benefit (by timely completing the Worcester Regional Retirement System’s deduction authorization form) or pay the premium directly to the Treasurer/Collector’s Office. Retirees are required to make premium payments within one month of their retirement date, even if the WRRS’s processes are still pending.

V. HEALTH INSURANCE

A. Active Employees

The Town offers health insurance to all benefit-eligible employees as defined above. The plan type, provider and plan design of the will be decided by the Board of Selectmen and through consultation with the Town’s Insurance Advisory Committee.

The Town currently offers an HMO type plan to all eligible active employees and contributes 70% of the total premium. The Town also offers a PPO type plan to all eligible active employees and contributes 70% of the total premium. The employee’s share of the premium may be deducted on a pre-tax basis from the employee’s paycheck.

Selection of the health insurance benefit is available to eligible employees (1) at the start of their employment with the Town, (2) during the annual open enrollment period, or (3) upon a qualifying event with proper documentation of the event supplied by the employee within 60 days of the event. Any eligible employee not accepting health insurance from the Town must sign a waiver form at the time of

² Any proposed increase in a current employee’s hours that would make that employee newly benefit eligible shall not take effect without the prior approval of the Board of Selectmen. The Town Administrator will be responsible for seeking such approval from the Board of Selectmen and implementing the Board’s decision in coordination with the Treasurer.

employment or annually during the open enrollment period.

Upon termination of employment, employees may be entitled to continue coverage in the health plan under COBRA laws. The employee will be responsible for 100% of the total premium. Premiums will be paid by the employee one month in advance.

Active employees who reach age 65 may remain on the Town's insurance plan until retirement.³

B. Retired Employees

At age 65, all retirees who are eligible must transfer to Medicare (Parts A and B) as their primary insurance. The Town offers a Medicare supplemental insurance plan to all eligible retired employees at age 65. Retirees not eligible for Medicare will be able to remain on the Town's HMO plan or PPO plan if applicable (see below) by providing a copy of an official letter of Medicare ineligibility from the Social Security Administration.

Retired employees are eligible for post-employment health insurance benefits in retirement if they have met the following eligibility criteria:

- a) The individual must be eligible to receive retirement benefits from the Worcester Regional Retirement System⁴ as a retiree from the Town of Dudley. Eligibility criteria for retirement include appropriate age and service or a bona fide "early retirement" due to a State sanctioned credit for additional years of service to reach minimum retirement qualifications.
- b) Individuals who leave the service of the Town and who do not file for retirement within fourteen (14) calendar days shall not be eligible for retiree health coverage for themselves, their spouse or dependents.
- c) The individual must be enrolled, or must elect to enroll if not already enrolled, in a group health insurance plan as of the effective date of his/her retirement from the Town of Dudley.
- d) Retired employees who fail to join a group health insurance plan with the Town at the time of their retirement will thereafter be deemed ineligible to join a group health insurance plan with the Town. Notwithstanding the provisions of paragraphs (b) and (c) above, a retiring employee who has an actively working spouse with non-Town insurance coverage at the time of retirement may later enroll the spouse in retiree coverage if the retiring employee signs a form within fourteen (14) calendar days of their retirement

³ The Town's Medicare supplemental health coverage plan is only available to retirees, not employees.

⁴ See <http://www.wrrboard.org> for information concerning the Worcester Regional Retirement System.

date indicating that the working spouse intends to enroll in the Town's insurance program upon his or her own future retirement.

- e) All participation in the Town's contributory group health insurance must be continuous. If a retiree or spouse cancels their enrollment or becomes ineligible for continued enrollment, they lose all eligibility to participate in the future – they cannot re-enroll at a future date regardless of qualifying events or life changes. The only exception is when a retiree receives a "Waiver of pension or retirement allowance" under Massachusetts General Laws Chapter 32, section 90B. If the Retirement Board grants the waiver, eligibility for participation begins when the waiver is withdrawn.
- f) In accordance with Massachusetts General Laws Chapter 32B, section 18A, individuals, their spouses, or dependents shall enroll in a Medicare health benefit as soon as they are eligible. Failure to fully enroll in Medicare may jeopardize future participation in the Town's contributory group health insurance plan.⁵
- g) Unless otherwise require by law, if a retiree becomes divorced, the ex-spouse is no longer eligible to be covered under the Town's group health plan. If a retiree marries after the date of retirement, the new spouse is not eligible for coverage under the Town's contributory group health insurance program. If a retiree has a child or other dependent after the date of retirement, that dependent is not eligible for coverage under the Town's contributory group health insurance program.
- h) A retiree of the Town of Dudley must notify the Town within thirty (30) days of any marital status change.

Retired employees eligible for post-employment health insurance benefits will be responsible for 30% of the total premium, with a Town contribution of 70%.

All premium payments for retirees or surviving spouses (see below) will be collected through a monthly check from the retirement system taken from the retiree's monthly pension benefit or will be paid directly to the Town.

Employees retiring prior to age 65 (*i.e.*, early retirees) and having met all other eligibility requirements outlined above will be eligible for Town-provided health insurance at the premium contribution rates described above for the plan chosen until age 65. Early retirees will be offered the Town's HMO health insurance if their primary residence qualifies them for coverage. If an employee's primary residence is ineligible for coverage through the HMO plan, a PPO plan will be offered at the same contribution rates described above.

C. Surviving Spouses

⁵ Retirees must sign an "Acknowledgment of Obligation to Timely Enroll in Medicare Part A and B" that will remain on file in the Town Treasurer's office. See Appendix B.

If a benefit eligible employee dies while an active employee, and that employee meets the requirements for the surviving spouse to receive benefits under the Worcester Regional Retirement System rules, that surviving spouse and eligible dependents may continue group health insurance enrollment subject to Ch. 32B, Section 9D½ . The Town's contribution rate for surviving spouses is 70%.

Participation may continue as long as the dependents meet all plan eligibility rules and unless/until the surviving spouse remarries. Once the surviving spouse remarries, eligibility for participation ends as of the date of the marriage unless otherwise required by law.

D. Notification of Coverage Change for Spouses and Dependents

If a Town employee or a retiree is covering a spouse or dependent and that spouse or dependent later obtains separate health insurance coverage (*e.g.*, through their own employer), the Town employee or retiree must notify the Town within 7 days so that the spouse or dependent can be removed from the Town's health insurance census.

VI. DENTAL INSURANCE

The Town offers voluntary dental insurance to all benefit eligible employees and retirees. The Town currently contributes 70% of the total premium for this benefit.

Any eligible employee not wishing to enroll in dental insurance must sign a "waiver of insurance." Failure of the employee to complete a "waiver of insurance" will result in a default declination for enrollment.

VII. LIFE INSURANCE

A. Active Employees

The Town provides a term insurance policy referred to as Basic Life for benefit eligible employees who elect this benefit.⁶ Basic Life coverage is only available at the time of an employee's initial hire/eligibility. The Basic Life policy carries a face value of \$10,000 and may be converted to a private term insurance policy upon termination of employment. The Town currently contributes 70% of the total premium for this benefit. The employee's share of the premium will be deducted on a pre-tax basis from the employee's paycheck.

The Town also offers additional, voluntary life insurance plans – a Term Life plan and/or a Whole Life plan – for both employees and their dependents. Rates are based on the amount of insurance and the age of the insured and other factors determined by underwriters. Premiums are the sole responsibility of the employee and are deducted on a post-tax basis from the employee's paycheck. The employee must carry the Basic Life policy in order to participate in the voluntary (optional) insurance coverage.

⁶ A summary of the Basic Life policy is attached as Appendix C.

Selection of voluntary life insurance benefit is available to eligible employees at the start of their employment with the Town or during a special open enrollment period. Any eligible employee not accepting life insurance from the Town must sign a waiver form at the time of employment. Guaranteed amounts are subject to medical investigation if insurance is taken at the open enrollment period. This medical investigation is waived if insurance is selected at the time of employment.

B. Retired Employees

Basic Life insurance may continue into retirement provided that the employee selected this benefit while an active employee or during a special enrollment period allowed at the carrier's discretion. The face value of the policy decreases to \$5,000. All premium payments for retirees will be collected either through a monthly check from the retirement system taken from the retiree's monthly pension benefit, or will be paid with good funds.

Voluntary (optional) life insurance products are not offered to retirees. However, certain life insurance coverages that were selected by an active employee during their employment may be independently continued into retirement. The retiree should contact the insurance company if they want to convert the voluntary policy into an individual policy.

VIII. UNPAID LEAVES OF ABSENCE

Employees on approved designated family medical leave in accordance with the Family Medical Leave Act of 1993 shall be entitled to continue to receive the Town's contribution to a Town-offered group benefit plan during the term of the FMLA leave. Employees on designated workers' compensation or injured-on-duty leave in accordance with applicable law shall be entitled to continue to receive the Town's contribution to a Town-offered group benefit plan during the term of the leave.

Employees on approved, unpaid leave, which has not been designated as FMLA (or when the FMLA entitlement has been fulfilled), shall be eligible for insurance, subject to carrier eligibility rules, for the balance of the pay period in which they have any earnings. When an employee goes out on such an unpaid leave of absence, they lose coverage, and COBRA will be offered. If COBRA is elected prior to the first day of the pay period in which the employee will enter a "no pay" status, the employee must pay 100% of the premium for that calendar month and any subsequent months of leave. Employees who fail to pay the full amount on the date established by the Treasurer may have their insurance cancelled retroactive to the last pay period.

When a person returns from an unpaid leave of absence, they will be treated as a new hire, and new hire enrollment procedures shall be followed unless otherwise required by law.

IX. POLICY IMPLEMENTATION & REVIEW

Primary responsibility for implementation of this policy resides with the Treasurer. From time to time, unanticipated circumstances may arise that are not specifically and particularly addressed by this policy. The Town Administrator shall have discretion to interpret and apply this policy and its underlying rationale to such unanticipated circumstances.

This policy will be reviewed annually by the Treasurer. Any changes to this policy must be approved by the Board of Selectmen. Questions about the meaning and scope of this policy should be directed to the Treasurer. However, the Board of Selectmen, or its designee, shall be the final arbiter of any interpretation of this policy, and may make exceptions to the policy as it deems appropriate in the Town's best interest, provided such exceptions are consistent with the law.

APPENDIX A

Town of Dudley's Acceptance of Provisions of Chapter 32B

Chapter 32B is a local option statute. No provision of Chapter 32B may be revoked after being properly accepted, with the exception of Section 19.

The following table details the Town's acceptance of provisions of Chapter 32B as they relate to health and life insurance benefits.

§	Description	Method of Acceptance	Date	Comments / Notes
10	Acceptance of Chapter 32B.	Annual Town Election	March 6, 1961	Authorizes contributory group insurance for town employees.
9A	Contribution for insurance premiums of retired employees.	Annual Town Election	March 9, 1970	Authorizes town to pay 50% of the premium cost of medical insurance for retired employees.
7A	Subsidiary or additional rate.	Town Meeting, Article 30	Sept. 28, 1981	Authorizes the town to pay a rate of contribution of more, but not less, than 50% for town employees and dependents.
18	Transfer of retiree, spouse or dependent to Medicare health plan.	Town Meeting, Article 22	May 24, 2010	Requires that all retirees of the town and their spouses and dependents, who are enrolled in Medicare Part A at no cost to a retiree, their spouse or dependents, or eligible for coverage thereunder at no cost to a retiree, their spouse or dependents, enroll in a Medicare health benefits supplement plan offered by the town.
20	Other Post-Employment Benefits Liability Trust Fund	Town Meeting, Article 21	May 24, 2010	Authorizes the town to establish an Other Post-Employment Benefits (OPEB) Liability Trust Fund and appropriate amounts to be credited to the fund.
26	Enrollment audit.	Automatic adoption.		Requires the town to conduct a health insurance enrollment audit not less than once every 2 years in order to ensure that members are appropriately eligible for coverage.
9D ½	Insurance premium payable by surviving spouse.	Town Meeting, Article 21	May 21, 2018	Authorizes the town to pay more than 50% of the premium costs payable by the surviving spouse of an employee or retired employee for group health insurance.

APPENDIX B

IMPORTANT REMINDER

Acknowledgment of Obligation to (1) Timely Enroll in Medicare Part A and Part B, and (2) Timely Elect Post-Employment Health Insurance Coverage

Under M.G.L. c. 32B, § 18A, and according to the Town's policy, all Town retirees and eligible spouses are required to enroll in Medicare Parts A and B as soon as they are eligible (typically at age 65).

Medicare-eligible individuals are required to sign up for Medicare Parts A and B in the three months before their 65th birthday. All paperwork necessary to enroll in the Town's retiree health insurance must be received in the Treasurer/Collector's office 30 days prior to the enrollee's Medicare effective date. According to the Town's policy, retiree health insurance coverage is only offered once upon retirement, and failure to properly enroll will lead to forfeiture of the benefit.

If a retiring employee has an actively working spouse with non-Town health insurance coverage (*e.g.*, the actively working spouse has coverage through his or her own employer), the retiring employee must sign a form at the time of retirement indicating whether the working spouse intends to enroll in the Town's health insurance program upon his or her own future retirement.

If a retiree is not eligible to enroll in Medicare (either individually or through spousal eligibility), the retiree must submit proof certified by the federal government of ineligibility for Medicare Part A and Part B coverage.¹ Written certifications of ineligibility must be submitted to the Town Treasurer.

If a Medicare-eligible retiree, spouse, or dependent fails to timely enroll in Medicare Part A and Part B, that person may be deemed ineligible to participate in the Town's group health insurance program. Furthermore, any financial penalties due to late enrollment will be the responsibility of the retiree (or spouse or dependent).

All retirees must sign below and return this letter **by DATE** to the Town Treasurer's office, where a copy will remain on file.

Printed Name

Signature

Date

¹ You and/or your spouse should contact your [local Social Security Office](#) for confirmation of Medicare eligibility or ineligibility.

APPENDIX C



FAMILY MATTERS. NO MATTER WHAT®

Basic Life and Accidental Death & Dismemberment (AD&D) Benefit Summary

Designed for the Employees of

Town of Dudley

ELIGIBILITY & BENEFIT FEATURES

Class 1: All Active Full Time Employees

Basic Life and AD&D: \$10,000

COST OF COVERAGE

The premium for your coverage is paid by you and your employer.

GUARANTEED ISSUE

No medical questions are required for amounts up to **\$10,000** for first time applicants in their initial eligibility period.

REDUCTIONS IN BENEFITS

Your benefit amount will reduce upon retirement to **\$5,000**.

** All insurance benefits shall terminate upon the employee's termination of employment.*

ADDITIONAL FEATURES

Accidental Death & Dismemberment: Dismemberment benefits are payable for loss of eyesight or limbs according to the policy provisions. An additional death benefit is paid if death is the result of a covered accident.

Portability: If you leave your employer prior to age **60**, the coverage is portable for you, your spouse under age **60** and all eligible dependent children. You may elect to exercise this option in accordance with the provisions as defined by the policy. The coverage would not include Waiver of Premium or AD&D.

Conversion: Employees have 31 days from the date of termination to convert their basic life insurance to an individual permanent life insurance policy without evidence of insurability. The premium will be based on Boston Mutual's usual rate for the insured's age on the date of conversion. Coverage will not include Waiver of Premium or AD&D.

Waiver of Premium: If you become totally disabled prior to age 60 and remain totally disabled for the period stated in the policy, Boston Mutual will continue your insurance without any further payment of premiums subject to the provisions of the contract.

Also Included: Education Benefit, Seat Belt Benefit, and Repatriation of Remains Benefit.

EXCLUSIONS

Under the AD&D coverage, benefits are not payable for losses caused by or contributed to by: self-inflicted injuries; suicide or attempted suicide; riot or war; diseases; ptomaine or bacterial infection; drug and/or alcohol abuse; commission of an assault or felony by an employee; accident while serving on active duty; travel or flight in any aircraft or device which can fly above the earth's surface (does not apply to commercial flights); or injury which occurred before the employee was insured by this policy. All exclusion details are stated in the master policy and certificate which may be reviewed through your benefit administrator.

This information is a summary of benefits; this summary is not your certificate nor does it constitute coverage for claim. Any discrepancies between this summary and the master policy will be resolved by the language issued in the master policy. For complete details of coverage and availability, please refer to your certificate or contact your benefits administrator.

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