

CITY OF CHARLOTTE
COUNCIL POLICY

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1. PURPOSE

The purpose of this policy is to describe the manner in which post-employment health insurance benefits will be provided to current and future retirees.

2. AUTHORITY

This policy is adopted pursuant to Section 6.18 of the Charter of the City of Charlotte.

3. BENEFITS SUBJECT TO CHANGE

Except to the extent that such benefits are provided pursuant to a collective bargaining agreement or other employment agreement, post-employment health insurance benefits are subject to change without notice.

4. HEALTH INSURANCE DEFINED

When used in this policy, the term "health insurance" is defined to mean a program of insurance providing coverage for hospitalization and medical care, physician office service, surgery, prescription drugs and the like. It does not include insurance for dental or vision benefits.

5. BENEFITS FOR CERTAIN EMPLOYEES WHO RETIRED BETWEEN MAY 26, 1987 AND MARCH 31, 2000

Commencing July 1, 2010, City employees who retired between May 26, 1987 and March 31, 2000 who are currently receiving health insurance benefits paid in whole or in part by the City will receive health insurance benefits or Health Reimbursement Arrangement (HRA) payments from the City subject to the following provisions:

- 5.1 Benefits shall be provided to retired employees and to their legal spouses as of the date of their retirement.
- 5.2 The City shall pay a percentage of the premium for health insurance benefits for eligible retired employees and their spouses in accordance with the following table:

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Years Service	%	Years Service	%	Years Service	%
10	50	19	68	28	86
11	52	20	70	29	88
12	54	21	72	30	90
13	56	22	74	31	92
14	58	23	76	32	94
15	60	24	78	33	96
16	62	25	80	34	98
17	64	26	82	35	100
18	66	27	84	35+	100

5.3 Retired employees and their spouses shall apply for Medicare benefits upon reaching the age of 65.

5.4 Effective July 1, 2010, in those instances in which the retired employee and his/her eligible spouse reaches or has reached 65 years of age, City payment of premiums for group health insurance coverage shall cease. The City Clerk shall assist retired employees and their spouses in making the transition to individual Medicare Advantage or similar policies of so-called "Medigap" coverage, if they desire, but they may continue coverage through the City's group health insurance plan. The City shall pay into a Health Reimbursement Arrangement (HRA) account the same percentage of \$500 per month for the retired employee and \$500 per month for the retiree's covered spouse, if applicable, as provided in paragraph 5.2. These HRA contributions shall be used for payment of health insurance premiums and other eligible medical expenses.

5.4.1 From time to time, the City Council may increase or decrease the amount contributed to HRA accounts to reflect changes in health insurance premium costs.

5.5 Effective July 1, 2010, group health insurance benefits shall be provided through the Blue Care Network/HRA plan summarized in the attached "Benefits at a Glance."

5.6 City payment of premiums or contributions to an HRA account shall cease the first day of the month that falls not less than thirty (30) days following the death of the retiree. The eligible spouse, if currently covered by the City's

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group health insurance plan, may continue to receive group health insurance coverage provided he/she pays one hundred percent (100%) of the cost of the premiums. Once the eligible spouse reaches 65 years of age section 5.3 will apply.

5.7 Those retired employees for whom the City pays less than one hundred percent (100%) of the premium for health insurance coverage shall place on deposit with the City an amount equal to one month's premium. Said employees shall also be obligated to pay their share of the premiums one month in advance. If a retired employee is delinquent by more than thirty (30) days, his/her City health insurance coverage shall be terminated.

5.8 If for any reason a retired employee discontinues his/her health insurance, or if his/her health insurance is discontinued for non-payment of his/her share of premiums or because the employee obtains other group health coverage other than Medicare, coverage will not be reinstated for any reason.

6. BENEFITS FOR CERTAIN EMPLOYEES WHO WERE IN THE EMPLOY OF THE CITY ON APRIL 1, 2000 AND WHO WILL RETIRE AFTER MAY 10, 2010.

Commencing July 1, 2010, certain City employees who were in the employ of the City on April 1, 2000 and who will retire after May 10, 2010 will receive health insurance benefits or HRA payments from the City subject to the following provisions:

6.1 Benefits shall be provided to retired employees and to their legal spouses as of the date of their retirement from the City. Retirement shall be as defined by the provisions of the Municipal Employees' Retirement System.

6.2 The City shall pay a percentage of the premium for health insurance benefits for eligible retired employees and their spouses in accordance with the following table:

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17	64	26	82	35	100
18	66	27	84	35+	100

6.3 Retired employees and their spouses shall apply for Medicare benefits upon reaching the age of 65.

6.4 When the retired employee and his/her eligible spouse reaches or has reached 65 years of age, City payment of premiums for group health insurance coverage shall cease. The City Clerk shall assist retired employees and their spouses in making the transition to individual Medicare Advantage or similar policies of so-called "Medigap" coverage, if they desire, but may they continue coverage through the City's group health insurance plan. The City shall pay into a Health Reimbursement Arrangement (HRA) account the same percentage of \$500 per month for the retired employee and \$500 per month for the retiree's covered spouse, if applicable, as provided in paragraph 5.2. These HRA contributions shall be used for payment of health insurance premiums and other eligible medical expenses.

6.4.1 From time to time, the City Council may increase or decrease the amount contributed to HRA accounts to reflect changes in health insurance premium costs.

6.5 Effective July 1, 2010, group health insurance benefits shall be provided through the Blue Care Network/HRA plan summarized in the attached "Benefits at a Glance."

6.6 City payment of premiums or contributions to an HRA account shall cease effective the first day of the month that falls not less than thirty (30) days following the death of the retiree. The eligible spouse, if currently covered by the City's group health insurance plan, may continue to receive group health

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insurance coverage provided he/she pays one hundred percent (100%) of the cost of the premiums. Once the eligible spouse reaches 65 years of age section 6.3 will apply.

6.7 Those retired employees for whom the City pays less than one hundred percent (100%) of the premium for health insurance coverage shall place on deposit with the City an amount equal to one month's premium. Said employees shall also be obligated to pay their share of the premiums one month in advance. If a retired employee is delinquent by more than thirty (30) days, his/her City health insurance coverage shall be terminated.

6.8 If for any reason a retired employee discontinues his/her health insurance, or if his/her health insurance is discontinued for non-payment of his/her share of premiums or because the employee obtains other group health coverage other than Medicare, coverage will not be reinstated for any reason.

6.9 The provisions of paragraph 6 shall apply to the following individuals: Kevin Fullerton, William Callahan, Rick Terpstra, LeRoy Hummel, David Brown, and Nick Andreau.

7. BENEFITS FOR EMPLOYEES WHO WERE HIRED OR PROMOTED INTO CERTAIN POSITIONS AFTER APRIL 1, 2000.

Effective July 1, 2010, in lieu of providing post-employment health insurance benefits to persons hired or promoted into certain positions after April 1, 2000, the City shall make a lump sum payment into a Retirement Health Savings plan in accordance with the provisions of the following subparagraphs:

7.1 Annual payments will be made in the amounts listed in the following table:

Position	Percent of Base Salary	Position	Percent of Base Salary
Police Chief	5%	Police Lieutenant	3%
Fire Chief	5%	DPW Foreman	3%
City Treasurer	5%	Utilities Super.	3%
City Clerk	5%	DPW Asst. Foreman	1.5%
DPW Director	5%	Utilities Asst. Super.	1.5%
		Comm. Dev. Dir.	1.5%

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- 7.1.1 The table above represents those positions that are classified as exempt pursuant to the Fair Labor Standards Act and were filled on May 10, 2010 except for the position of city manager. Should any of these positions later be classified as non-exempt, payments into the Retirement Health Savings plan for that individual shall cease. If additional exempt positions are created or currently vacant exempt positions are filled, the city manager and city clerk shall determine the appropriate Retirement Health Savings payment amount for those positions.
- 7.2 An annual lump sum payment shall be made on each anniversary of employment reached after July 1, 2010 in a position listed in paragraph 7.1. If an employee is promoted from one position in paragraph 7.1 to another position in paragraph 7.1 that is eligible for a higher payment, he/she shall receive a pro rata payment based on the number of completed months of service in the former position, which payment shall be on the anniversary date of employment in the former position. If an employee is demoted from one position in paragraph 7.1 to another position in paragraph 7.1 that is eligible for a lower payment or to a position not included in paragraph 7.1, he/she shall receive a pro rata payment based on the number of completed months of service in the former position, which payment shall be made on the anniversary date of employment in the former position. No pro-rata payments shall be made if employment is terminated for any reason prior to the employee's anniversary date of employment.
- 7.3 If an employee performs the duties of more than one position listed in paragraph 7.1, he/she shall receive a single annual payment equal to that of the position receiving the highest annual payment.
- 7.4 If the city manager also performs the duties of one of the positions in paragraph 7.1, he/she shall not be entitled to receive the payment associated with that position unless such payment is made pursuant to the provisions of an employment agreement.
- 7.5 In addition to the annual payments provided in paragraph 7.1, employees holding the titles of City Clerk, City Treasurer and DPW Director on May 10, 2010 shall be entitled to additional payments equal to the number of whole years of service completed prior to July 1, 2010 times \$3,000. No payment will be made for fractional years of service completed prior to

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July 1, 2010. These additional payments shall be made as soon as practicable after July 1, 2010.

7.6 The provisions of paragraph 7 shall not apply to employees eligible to receive post-employment health insurance pursuant to paragraph 6.

8. BENEFITS OF CERTAIN OTHER EMPLOYEES.

Those employees receiving post-employment health insurance benefits pursuant to a special agreement or arrangement shall receive benefits in accordance with those provisions of paragraphs 5 or 6 that are most nearly applicable to their specific situations and circumstances.

9. OTHER EMPLOYEES ELIGIBLE TO RECEIVE POST-EMPLOYMENT GROUP HEALTH INSURANCE COVERAGE.

Those employees eligible to remain on the City's group health insurance plan shall place on deposit with the City an amount equal to one month's premium. Said employees shall also be obligated to pay their premiums one month in advance. If a retired employee is delinquent by more than thirty (30) days, his/her City health insurance coverage shall be terminated. Group health insurance shall also be terminated when an employee reaches age 65.

10. POLICIES REPLACED

This policy replaces and supersedes the provisions of Council resolutions adopted on May 26, 1987 and February 28, 2000. This policy also supersedes any provisions of the City's personnel rules and regulations that address post-employment health insurance coverage.

11. EFFECTIVE DATE

This policy shall be effective upon its adoption by the City Council.