

**CITY OF CHARLOTTE**  
**COUNCIL POLICY**

SUBJECT	POLICY NO.	APP. DATE	PAGE
<b>Retiree Health Insurance</b>	<b>2017-01</b>	<b>07/24/2017</b>	<b>1 of 5</b>

**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 JULY 1, 2017 AND FOR ONE NAMED EMPLOYEE.**

5.1 Commencing July 1, 2017, City employees who retired between May 26, 1987 and July 1, 2017 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:

5.1.1 Benefits shall be provided to retired employees and to their legal spouses as of the date of their retirement.

5.1.2 The City shall pay a percentage of the premium for group health insurance benefits for eligible retired employees and their spouses until the retired employee is eligible to receive Medicare benefits in accordance with the following table:

**CITY OF CHARLOTTE**

**COUNCIL POLICY**

SUBJECT	POLICY NO.	APP. DATE	PAGE
<b>Retiree Health Insurance</b>	<b>2017-01</b>	<b>07/24/2017</b>	<b>2 of 5</b>

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

5.1.3 When the retired employee is eligible to receive Medicare benefits, City payment of premiums for group health insurance coverage shall cease. The City Clerk shall assist retired employees in making the transition to individual Medicare Advantage or similar policies of so-called “Medigap” coverage, if they desire. 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 5.1.2. These HRA contributions shall be used for payment of health insurance premiums and other eligible medical expenses.

5.1.3.1 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.

5.1.4 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.

5.1.5 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.

**CITY OF CHARLOTTE**

**COUNCIL POLICY**

SUBJECT	POLICY NO.	APP. DATE	PAGE
<b>Retiree Health Insurance</b>	<b>2017-01</b>	<b>07/24/2017</b>	<b>3 of 5</b>

5.1.6 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.

5.2 The payments provided for pursuant to this paragraph shall not be applicable to any retiree whose spouse is employed by the City until such time as the spouse is no longer receiving group health insurance benefits paid by the City.

5.3 In recognition of commitments made to him in the course of his employment, the provisions of this paragraph shall be applicable to David Brown upon his retirement.

**6. 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:

6.1 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.	3%

6.1.1 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

**CITY OF CHARLOTTE**  
**COUNCIL POLICY**

SUBJECT	POLICY NO.	APP. DATE	PAGE
<b>Retiree Health Insurance</b>	<b>2017-01</b>	<b>07/24/2017</b>	<b>4 of 5</b>

and city clerk shall determine the appropriate Retirement Health Savings payment amount for those positions.

6.2 An annual lump sum payment shall be made on each anniversary of employment reached after July 1, 2010 in a position listed in paragraph 6.1. If an employee is promoted from one position in paragraph 6.1 to another position in paragraph 6/1 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 6.1 to another position in paragraph 6.1 that is eligible for a lower payment or to a position not included in paragraph 6.1, 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.

6.3 If an employee performs the duties of more than one position listed in paragraph 6.1, he/she shall receive a single annual payment equal to that of the position receiving the highest annual payment.

6.4 If the city manager also performs the duties of one of the positions in paragraph 6.1, 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. 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.

**8. 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

**CITY OF CHARLOTTE**  
**COUNCIL POLICY**

SUBJECT	POLICY NO.	APP. DATE	PAGE
<b>Retiree Health Insurance</b>	<b>2017-01</b>	<b>07/24/2017</b>	<b>5 of 5</b>

terminated. Group health insurance shall also be terminated when an employee reaches age 65.

**9. 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.

**10. EFFECTIVE DATE**

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