To: Town Council

Re: Proposed Amendment to the Personnel Code

Date: March 14, 2016

The following proposed amendment to the Personnel Code would provide that the health insurance buyout not apply in cases when the insurance for a spouse or partner or family is covered by a town or school department provided insurance plan.

## Employee Health Benefits

The Town participates in the Maine Municipal Employees Health Trust (MMEHT) Comprehensive Plan. Employees have the option of choosing the MMEHT Comprehensive Point of Service Plan (POS C), and effective March 1, 2015 may also choose from among the MMEHT PPO 500 plan and the MMEHT PPO 2500 plan**.** Single employees shall assume 10% of the cost of their health insurance premium. Employees who have coverage other than single coverage shall assume 20% of the total premium. Any employee who chooses the MMEHT PPO 500 plan or the MMEHT PPO 2500 plan will have established a Health Reimbursement Account which shall provide reimbursement of deductibles and co-pays for up to 70% of the applicable out of pocket maximum. The amount of the monthly premium paid by the employee shall not be included as part of the out of pocket expense. (Rev. eff. 12/08/14

Coverage will begin on the first day of the next month after employment begins provided the MMEHT has approved all required forms. The Town of Cape Elizabeth reserves the right to participate in a different medical insurance plan, with comparable or better benefits, costs and claims service. The Town also reserves the right to change the health insurance plans if mandated to do so by the federal or state governments. Upon leaving Town employment, federal COBRA requirements permit employees to continue on the Town policy at employee expense. MMEHT will notify departing employees of their options.

Any employee eligible for more than single coverage, but who opts for single coverage or no coverage, shall receive in lieu of coverage, $120.00 in each two week paycheck or if an employee elects for no coverage and is eligible for family coverage, then that employee shall receive $250.00 in each two week paycheck in lieu of coverage. If an employee elects for employee and children coverage and is eligible for full family coverage, then that employee shall receive $90.00 in each two week pay check in lieu of coverage. These in lieu of coverage payment provisions shall not apply to employees who receive coverage under a spouse/partner’s plan provided through the Town of Cape Elizabeth or the Cape Elizabeth School Department. All payments shall be prorated for part time employees. Any employee who opts for no coverage must annually show that evidence of coverage elsewhere. The payment shall not be considered part of compensation for purposes of retirement, life insurance and computing hourly wages. The employee shall be responsible for any tax liability. Affected employees must elect their coverage level once a year during the enrollment period or upon hiring. Coverage must be elected before they become effective. (Rev. eff. 12/08/14

The Town pays 90% of the cost of the premium for those with single coverage. The Town pays 80% of the cost of the premium for those with dependent coverage.

Regular permanent employees working at least 30 hours per week are eligible for the above premium payments. Employees working a regular year round schedule of at least 20 hours per week, but less than 30 hours per week receive a pro rata health benefit based on their percentage of hours worked based on a 40 hour work week. (For example, an employee working 25 hours year round per week would receive 25/40ths or 62.5% of the applicable premium. A single employee would have 62.5% of their premium paid. An employee with dependents would have 62.5% of 80% of their premium paid which is 50%)

Elections are binding for the plan year unless during the year the employee has a lifestyle change such as:

* + - 1. Marriage or divorce
      2. Birth, adoption, or change in custody of a child
      3. Death of a spouse or child
      4. Gain or loss of a spouse's employment
      5. Change in job status from full time to part time by you or your spouse and/or
      6. An unpaid leave of absence by you or your spouse.

The change an employee makes must be on account of and consistent with the event.