

V. GROUP HEALTH AND RELATED BENEFITS

A. EMPLOYEE HEALTH CARE PROGRAM

The City of Lawrence offers a healthcare program for eligible employees. This program is self-funded and the program is managed by a third-party administrator.

1. Employee and Dependent Health and Dental Coverage

All full-time and part-time regular and extra-board employees are eligible for healthcare coverage which includes medical, dental, prescription and vision plan. Coverage is effective the first of the month following thirty (30) days of employment in an eligible classification. Employee/single coverage is provided at a low cost to full-time and part-time regular employees and extraboard firefighters. Dependent coverage for all eligible employees is available at an additional cost to the employee.

There is an initial waiting period on major restorative dental services (inlays, crowns, bridges, dentures) of 240 days from the effective date of the coverage.

All full-time and part-time regular and extra-board employees should complete enrollment forms at the time employment begins. Eligible dependents may be enrolled during initial enrollment, open enrollment or during the year due to a qualifying family status change. An open enrollment period will be held once per year. All employees will receive advance notice of this open enrollment to allow employees to make election changes.

An employee may choose to waive participation in the health and dental program by notifying the Human Resources division.

The City of Lawrence Health Care Committee was formed in 1998 to develop guidelines regarding annual funding and plan design. Since 1998, on an annual basis, the Health Care Committee has devoted time to review, revise, and refine those guidelines according to City Commission directives and input from City management and employees.

The City of Lawrence Health Care Committee is chaired by the Human Resources Manager and consists of City employees from each department. The objectives of the Health Care Committee are:

- To submit annual budget recommendations to the City Commission regarding funding for the health care plan;
- To review, evaluate, and determine plan design;
- To identify, review, and address utilization trends;
- To monitor current national health care trends;
- Through partnership with the Wellness Committee (CHAMP), provide health education and wellness interventions to employees and their

immediate family members so that they might fulfill their responsibilities as covered plan participants. See Attachment Q: City HIPAA Policy

2. Premium Conversion – Section 125 Plan

This plan allows employees to pay their premium contributions for health and dental insurance on a pre-tax basis. Each employee will have the opportunity to sign up for this program at the initial enrollment period, if there is a qualifying family status change, or during open enrollment period. This election remains in effect from year to year unless employees change their election.

3. Continuing or Converting the Group Health Insurance Coverage (COBRA)

If a covered employee separates from city employment or is no longer working in an eligible classification and is no longer eligible to participate in the City's group health insurance plan, the employee and/or eligible dependents may have the right to COBRA continuation coverage for up to eighteen months at his/her expense.

Eligible dependents may also extend coverage, at their expense, for up to thirty-six months in the group health insurance plan in the event of the employee's death, divorce, legal separation, or entitlement to Medicare benefits, or when a child ceases to be eligible for coverage as a dependent under the terms of the plan. COBRA Continuation coverage for the employee and/or eligible dependents may end, however, if any of the following events occurs:

- Failure to make timely payments of all premiums;
- Termination of the City's group health plan;
- Employee becomes eligible for Medicare.
- Divorced from a covered employee and subsequently remarry and are covered under new spouse's group health plan.
- Become an employee covered under another group health plan under which the participant is not subject to limitations or elimination of coverage due to pre-existing conditions.

If the employee's work hours are reduced or employment terminates, the Human Resources Division will contact the employee concerning these options. However, in the event the employee becomes divorced or legally separated, or one of the dependents ceases to be eligible for coverage under the group health

insurance plan, the employee and/or dependents are responsible for contacting the Human Resources Office to discuss continuation/conversion rights.

4. Retiree Health Care Program

General Explanation. This policy provides for the extension of the benefits of the City's group health care benefits program to retirees of the City, in accordance with the provisions of K.S.A. 12-5040 et seq.

Eligibility. Membership in the City's group health care program shall be available to all retirees, as herein defined, and their dependents, effective January 1, 1989. To be considered a retiree under this program, the individual must:

- Have retired after December, 31, 1988, and
- Is receiving a retirement or disability benefit for service with the City, and
- Is under age 65, and
- Has filed a written application with Human Resources for coverage under this plan, within 30 days following retirement from City employment, and
- Has agreed to promptly pay the monthly contributions required as provided in Section 5.

Disqualification. A retiree and his or her dependents shall cease to be eligible for coverage under this plan, when any of the following conditions exist:

- Achieving age 65.
- Failure to make the required premium contribution as provided in Section 5.
- The cessation of retirement or disability benefits from service with the City.

Once coverage under the City's plan ceases, because of disqualification or voluntary termination, there shall be no reinstatement of coverage.

Dependents. The dependents of retirees shall be eligible for coverage to the same extent as for the dependents of current employees, as defined in the City's current group health care benefit plan. Dependents of a retiree who has died or reached age 65 shall be offered Continuation Coverage for thirty-six (36) months from the date of the loss of coverage in accordance with the federal Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) and the premium shall be up to 102% of the monthly premium equivalent.

Contributions. The amount of the monthly premium equivalent is determined actuarially on an annual basis. The City may contribute toward the premium equivalent for retired former employees and their dependents. However, the

majority of the premium equivalent shall be paid by the retiree and based on a recommendation by the HealthCare Committee and approved by the City Commission.

Payment of the monthly premium shall be the sole responsibility of the retiree. Payment must be made to Finance by the tenth day of each month for the current month's coverage. Late premium payments will be accepted within a thirty-day (30) grace period. If payment is not made within the grace period, coverage will be terminated retroactive to the first of the month in which the premium was due. The City shall not be obligated to send invoices to covered retirees, nor will the City assume any responsibility for payment of monthly premiums.

Application of COBRA. Nothing in this Plan shall subordinate the rights of a former employee under the federal Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA).

Policy Coverage. The health plan coverage for retirees shall have the same options that are available to present employees. The options selected shall not be subject to change except at times when existing employees may exercise such options.

Management Rights; Interpretation. The City reserves the right to cancel or change any or all coverage not required by state or federal law, and to periodically make changes in this Plan. Any situation not covered by this Plan, or disagreement as to interpretation, shall be determined by the Human Resources division subject to appeal to the City Manager.