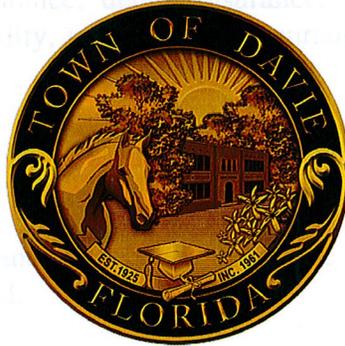


**TOWN OF DAVIE
HUMAN RESOURCES DEPARTMENT**



**GROUP INSURANCE AND RETIREMENT
SOP #23-010**

September 19, 2012

SUMMARY OF REVISED, DELETED, OR ADDED MATERIAL

This operating procedure shall replace the Personnel Rules and Regulations and Policies enacted prior to the effective date of this Operating Procedure.

Revision	Date	Responsible Department	Description of Change
1	May 18, 2011	Human Resources	Initial Release
2	September 19, 2012	Human Resources	Revision

APPROVALS:

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Author

Beck Powell

Town Administrator

9/24/12

Date

9-24-12

Date

1-1. POLICY.

- a. All active full time Town of Davie employees (employees regularly scheduled for at least thirty-five (35) hours per week) will be eligible for the Town of Davie's insurance program upon satisfying the eligibility waiting period. This insurance may include but is not limited to health insurance, dental insurance, Group Life Insurance, short term disability, long term disability, supplemental insurance, flexible spending program, and vision care.
- b. The eligibility waiting period is defined as the completion of thirty (30) calendar days of full time employment.
- c. The effective date of insurance will be the 1st of the month following the completion of the eligibility waiting period.
- d. Rehired employees will be processed the same as new hires for insurance eligibility. Insurance will be effective the 1st of the month following thirty (30) days of employment.
- e. This policy and any guidelines are in direct compliance with the laws of the state of Florida, ERISA, IRS laws and the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA).

1-2. SCOPE.

This operating procedure applies to all Regular full-time employees of the Town of Davie.

1-3. PROCEDURE.

- a. Cafeteria Style Plan
 1. Benefits will be administered in a cafeteria style plan. Each employee will be given "Benefit Choice Dollars" each pay period to be used to help offset the cost of insurance. If the cost of the employee's insurance exceeds the Benefit Choice Dollar amount, the remainder will be deducted from the employee's pay. If the amount of insurance is less than the Benefit Choice Dollar amount, then that amount may be put into the medical flexible spending account or will be forfeited.
 2. Benefit Choice Dollars are not considered income for wage verification and tax purposes.
 - b. Deductible - Before any reimbursement of covered services begins, all employees must satisfy the applicable calendar year deductible amount(s). (This does not apply on the EPO plan).
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c. Termination Date of Insurance

1. Date Insurance Coverage Ends

- (i) For resignations or dismissals, all insurance coverage(s) end(s) on the last day of the month in which the resignation or dismissal was effective.
- (ii) Employees will be given the option of continuing their applicable coverage under COBRA, as amended.
- (iii) COBRA continuation information will be sent to the employee's home address indicating benefit costs for medical and dental coverage. See COBRA section for more information.
- (iv) For supplemental insurance policies, the company(ies) will be notified to bill the employee at home to continue coverage.
- (v) Life insurance products may be converted into other policies directly through the life insurance carrier, if the individual desires. Paperwork should be obtained from Human Resources.

d. Medical and Dental Insurance

- 1. Several medical and dental insurance options will be provided to employees of the Town of Davie. Employees can also select several dependent coverage options. This coverage will be paid for through payroll deductions made on a semi-monthly basis. When an employee is in an unpaid status and required to pay premiums out of pocket, the employee is responsible for paying all monies due for dependent coverage in a timely manner. Monies are due by the 20th of the month for the following month's coverage. A 30-day grace period is given in which to make payment. If payment is not made timely, insurance coverage(s) will be canceled.
 - 2. Up-to-date information on providers, changes in benefits, etc. will be provided to the employee by the Insurance Carrier and by the Human Resources Department.
 - 3. Employees are responsible for filing claim forms, changing personal information, providing student schedules and other information as outlined in insurance contract and/or requested by insurance carrier in order to process claims and maintain records as required by law.
 - 4. Dependents can be covered up to the age of 26 without the requirement of student status, proof of financial support or maintaining residence with the employee for health insurance.
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5. Customer service is provided by the Insurance Carrier and Human Resources Department when needed.
 6. Open enrollment is limited to 30 days from time of initial eligibility (hire). Changes to the insurance plans cannot be made outside the enrollment period unless the change is due to a qualifying event such as marriage, divorce, birth or adoption, death, or loss of coverage for spouse.
 7. Town of Davie retirees are eligible, at their own expense, to continue health and dental insurance benefits through the Town's group plans. The benefit is administered by the Human Resources Department in accordance with Florida Statutes.
- e. Group Life Insurance and/or Accidental Death & Disability Benefits
1. All employees eligible for group insurance will be provided with a basic life insurance policy at a flat rate, and then may purchase additional life insurance in ten thousand dollar increments at rates based upon an employee's age. The amount of life insurance provided by the Town of Davie to its employees is stipulated by the insurance policy negotiated by the Town of Davie with the life insurance carrier.
 2. Accidental Death & Disability Benefits are available only to active employees and cannot be extended to disabled employees or retirees.
 3. Upon approval of total disability (beginning of long-term disability), employees are eligible for a waiver of premium for Extended Life Insurance during Total Disability.
- f. Disability Insurance: Short-term and long-term disability benefits are provided on a non-discriminatory basis to all eligible employees, as defined in the policy/benefit booklet provided by current insurance carrier.
1. Short-Term Disability - If, while covered under this benefit, an employee becomes totally and continuously disabled because of a non-work related injury, sickness or pregnancy, the current carrier will pay a weekly disability benefit to the employee, which is a percentage of the employee's gross income. Short term disability benefits will begin after a 14 day waiting period. The maximum payment period is 11 weeks for short-term disability.
 2. Long-Term Disability - Long term disability benefits become payable after the employee has been totally disabled for a period of 90 days. The insurance carrier will pay a monthly disability benefit of 60% of the employee's monthly rate of basic earnings up to a maximum of \$7,500 monthly. This monthly benefit may be reduced by the amount of disability or retirement benefits under the Social Security Act, retirement benefits, disability income benefits under a group life insurance plan, or military retirement pension plan, etc. The insurance carrier will pay benefits until the date the employee is no longer disabled, fails to furnish proof of disability, refuses to
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be examined as required by the insurance company or until the employee reaches the maximum period payable.

g. Supplemental Insurance

1. The Town of Davie offers other supplemental insurance programs through payroll deduction to allow employees to select benefits to suit their individual needs. Employees can chose from such coverage as cancer policies, accident/disabilities policies, intensive care/hospital coverage, and vision policies. Supplemental coverage is available for employees and their dependents.
2. Employees are responsible for payment of all premiums for supplemental insurance selections.
3. Upon leaving the employment of the Town of Davie, the employee may continue coverage of their supplemental insurance, if desired. The employee will be responsible for the full payment of any premiums and will be billed for their coverage selections at their home address.

h. IRS Section 125 Employee Benefit

1. IRS Section 125 Employee Benefit program allows employees to use pre-tax dollars to pay for qualifying insurance coverage and premium expenses they normally would pay for with out-of-pocket, taxable dollars. Pre-tax dollars are subtracted from the employee's gross earnings before taxes are deducted. Insurance coverage premiums are paid before taxes, which lowers the employee's taxable income. As a result, the employee pays less in taxes and keeps more of his/her earnings.
2. Employees may elect to participate in this program at the beginning of their effective date of insurance coverage. An employee may also change or elect to participate in this Plan during open enrollment at the beginning of each plan year. Following the selection of the 125 Plan, the employee must maintain the same dollar amount for the entire plan year with an option of changing at the end of the plan year. Exceptions are changes in family status that include: marriage, legal separation, divorce, death of a spouse, birth or adoption of child, termination or start of employment of employee or spouse, switching from part-time to full-time or full-time to part-time employment status of employee or spouse, and taking of unpaid leave of absence by employee or spouse.

i. COBRA

1. Federal law (Public Law 99-272 Title X) also known as COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985 as amended) requires that the Town of Davie offer employees and their families the opportunity for a temporary extension of
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- health and dental coverage at group rates in certain instances where coverage under the plan would otherwise end.
2. Employee's Rights - Employees of the Town of Davie, covered by the Group Health and Dental Insurance Plan, have a right to choose this continuation of coverage due to loss of group health coverage because of a reduction in hours of employment or the dismissal of employment for reasons other than gross misconduct. If the loss of coverage is due to gross misconduct, continuation of coverage will not be offered.
 3. Covered Spouse's Rights - The covered spouse of an employee has the right to choose continuation coverage if the loss of group health coverage is for any of the following four reasons:
 - (i) The death of the employee;
 - (ii) The termination of the employee's employment for reasons other than gross misconduct or a reduction in the employee's hours of employment;
 - (iii) Divorce or legal separation from the employee; or
 - (iv) The employee becomes entitled to Medicare.
 4. Covered Dependent Rights - In the case of a covered dependent child of an employee, he or she has the right to continuation coverage if group health coverage is lost for any of the following five reasons:
 - (i) The death of the employee;
 - (ii) The termination of the employee's employment (for reasons other than gross misconduct) or a reduction in the employee's hours of employment;
 - (iii) A parent's divorce or legal separation;
 - (iv) The employee becomes entitled to Medicare; or
 - (v) The dependent ceases to be a "dependent child" under the terms of the contract. Children may be covered to the end of the calendar year in which they reach the limiting age of twenty-six (26).
 5. An employee also has a right to elect continuation coverage if he or she is covered under the plan as a retiree or spouse or child of a retiree, and lose coverage within one year before or after the commencement of proceedings under Title 11 (bankruptcy), United States Code.
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6. Employee's Responsibilities - Under the law, the employee or a family member has the responsibility to inform the Town of Davie of a divorce, legal separation, or a child losing dependent status under the plan. This notification must be made within 60 days of the date of the qualifying event which would cause a loss of coverage. Notice must be in writing, and should be sent to:

Town of Davie
Human Resources Department
6591 Orange Drive
Davie, Florida 33314
954-797-1100

7. Continuation of Coverage Guidelines

- (i) When the Town of Davie is notified that one of these events has happened, it will in turn notify the affected persons that they have the right to choose continuation coverage. An employee has sixty (60) days from the later of the date he or she would lose coverage or from the date of the notice to elect continuation coverage because of one of the events described above. If and when this election is made, coverage will become effective on the day after coverage would otherwise be terminated.
- (ii) If an employee does not choose continuation coverage, group health insurance coverage will terminate in accordance with the provisions outlined in the Town's policy or other applicable plan documents.
- (iii) If continuation of coverage is chosen, coverage will be identical to the coverage provided under the Town of Davie's plan to similarly situated employees and family members. The law requires that you be afforded the opportunity to maintain continuation coverage for three years unless loss of group health coverage was due to a termination of employment or a reduction in hours. In that case, the required continuation coverage period is 18 months (An extension to 29 months is available under certain circumstances to disabled persons - see # 4 below). However, the law also provides that continuation coverage may be terminated for any of the following reasons:
- (a) The employer/former employer no longer provides group health coverage to any of its employees;
- (b) The premium for continuation coverage is not paid in a timely manner;
- (c) After electing COBRA continuation coverage, the employee becomes covered under any other group health plan (as an employee or otherwise) which does not contain any exclusion or limitation with respect to any pre-existing condition;
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(d) After electing COBRA continuation coverage, the employee is entitled to Medicare.

(iv) Note: A Qualified Beneficiary who is determined under Title II or XVI of the Social Security Act, to have been disabled as of the date of termination of employment or reduction in hours, or within 60 days of COBRA coverage, may be eligible to continue coverage for an additional 11 months (29 months total). The employee must notify the employer within 60 days of the determination of disability by the Social Security Administration and prior to the end of the 18-month continuation period. The employer can charge up to 150% of the applicable premium during the 11-month extension. The disabled individual must notify the employer within 30 days of any final determination that he or she is no longer disabled. If the coverage is extended to a total of 29 months, extended coverage will cease upon a final determination that the Qualified Beneficiary is no longer disabled.

(v) The employee does not have to show that he or she is insurable to choose continuation coverage. However, the employee will have to pay the group rate premium plus a 2% administrative fee for continuation coverage. The law also requires that, at the end of the 18-month, 29-month, or 36-month continuation coverage period, the employee must be allowed to enroll in an individual conversion plan provided under the current group health plan, if the plan provides a conversion privilege. The Town of Davie's current insurance carrier does not have an individual coverage conversion plan available.

8. Who To Notify - Please contact the person or office shown below. Also, If you have changed marital status, or you, your spouse, or any eligible covered dependent have changed personal information (i.e. address, phone number, name), please notify, in writing the office shown below:

Town of Davie
Human Resources Department
6591 Orange Drive
Davie, Florida 33314
954-797-1100

If any covered child is at a different address, please notify the office noted above so that a separate notice may be sent.

j. Retirement System

1. It is the policy of the Town of Davie to provide employees with a pension plan benefit and opportunities to save for retirement.

2. All regular full-time employees will be enrolled in the applicable Town of Davie Retirement System. (IE. Police, Fire, General or Management) Information regarding the Town's retirement plans is available through the Human Resources Department.

3. Employees also have the option to enroll in a Deferred Compensation/457 Plan. Participation in a 457 plan is 100% employee contributory. Enrollment forms for qualified 457 plans may be found in the Town of Davie Human Resources Department.