

Resolution No.: 17-163
Introduced: May 26, 2011
Adopted: June 14, 2011

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: County Policy on Group Insurance Benefits for Retired County Employees

Background

1. On October 16, 1986, the County Council adopted Resolution No. 10-2233. That resolution established the Council's policy for insurance benefits for retired County employees, which applied to any employee hired on or after January 1, 1987. The resolution included the following cost-sharing formula for retiree health insurance:
 - 50% County/50% retiree for each employee with 5 years of plan participation as an active employee;
 - for each additional year above 5, the County's share was increased two percentage points up to a maximum County share of 70%.
2. On November 23, 1999, the Council adopted Resolution No 14-348. That resolution issued policy guidance regarding group insurance benefits. The resolution stated that all County agencies should link eligibility and cost-sharing decisions regarding retiree group insurance benefits to years of service, rather than the number of years of plan participation.
3. The 2011 County Government Group Insurance Summary Description lists the following requirements for a retired employee to be eligible for group insurance benefits:
 - If an employee is a member of the optional or integrated plan under the Employees' Retirement System and retires under normal, early, disability or discontinued service retirement, the employee is eligible for group insurance benefits.
 - If an employee is a member of the Elected Officials' Plan, the Retirement Savings Plan, or the Guaranteed Retirement Income Plan, the employee is eligible for group insurance when the employee separates from County service if the employee's age and credited service under a County Retirement Plan at the time of separation from service meet the following requirements:

If you belong to Group:	And you have credited service of at least:	And your age is at least:
RN, RM RC; or CN, CM, CC, CZ; or ZK	5 years	60
	15 years	50
	20 years	45
RP, CP – Police, Corrections, Sheriffs	15 years	45
	20 years	41
RP, CP – Fire	20 years	Any age

- If an employee qualifies for a disability benefit and does not meet the minimum age and credited service criteria in the preceding table, the employee is eligible for group insurance continuation as follows:
 - If the disability is non-service connected, the employee is eligible for group insurance benefits for the duration of the initial and continued disability if the employee had 5 years of credited service before becoming disabled.
 - If the disability is service-connected, the employee is eligible for group insurance benefits for the duration of the initial and continued disability.
4. The 2011 County Government Group Insurance Summary Description contains the following description of the cost share arrangement for retired employees:
- The cost share arrangement for each eligible employee hired after December 31, 1986 for medical, dental, discount vision, standard option prescription, term life, and dependent life insurance is:
 - 50% County/50% retiree for each employee with 5 years of eligibility under the group insurance plan as an active employee;
 - 70% County/30% retiree for each employee with 15 or more years of eligibility under the group insurance plan as an active employee;
 - For each year between 5 and 15 years that the employee is eligible under the group insurance plan as an active employee, the County's share increases 2%.
 - At the time of retirement, each employee hired before January 1, 1987 may choose between the cost share arrangement for employees hired after December 1, 1986 or an 80% County contribution for medical, dental, discount vision, standard option prescription, term life, and dependent life insurance, effective for the period of time after retirement equal to the number of years the employee is eligible under the group insurance plan, beginning from the employee's retirement date. After this time period expires, the retiree must pay 100% of the group insurance costs.
 - Each retiree (regardless of when the retiree was hired) must pay a higher cost share of the plan cost if the retiree enrolls in the high option prescription plan.
 - Regardless of an employee's cost sharing arrangement, at age 65 a retiree's term life insurance becomes 100% County paid. Also, if an employee retires on a

disability, the employee's term life insurance is 100% County paid until the employee reaches the normal retirement date. From that time until age 65, the cost sharing arrangement in effect for that employee's other benefits apply to the cost of term life insurance if the employee is eligible for term life insurance at the time of the disability. If the employee had not met the special eligibility requirements for term life insurance at the time of the disability, the term life coverage ends at the employee's normal retirement date.

- If an employee retires on a service-connected disability either under the Employees' Retirement System, the Elected Officials' Plan, the Retirement Savings Plan, or the Guaranteed Retirement Income Plan, to calculate the employee's cost share, 5 years must be added to the employee's years of eligibility under the group insurance plan.
5. The 2011 County Government Group Insurance Summary Description contains the following provision:

The County expects to continue the Plan, but it is the County's position that there is no implied contract between employees and the County to do so, and reserves the right at any time and for any reason to amend or terminate the Plan, subject to the County's collective bargaining agreements.

The Plan may also be amended by the County at any time, either prospectively or retroactively, to conform with the Internal Revenue Code.

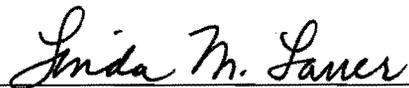
Action

The County Council for Montgomery County, Maryland approves the following resolution:

1. With regard to retiree group insurance benefits for any employee hired or rehired as a permanent employee on or after July 1, 2011, the Council's policy is:
 - Each employee hired or rehired as a permanent employee on or after July 1, 2011, including any employee awarded a non-service connected disability, and who is a member of a County retirement plan must have at least 10 years of County service to be eligible for group insurance continuation when the employee leaves County service. All other eligibility criteria remain the same as applied before that date.
 - The cost-sharing formula for each employee hired or rehired as a permanent employee on or after July 1, 2011, for medical, dental, discount vision, standard option prescription, basic life, and dependent life insurance (\$2,000/\$1,000/\$100 tier), is:
 - 50% County/50% retiree for each retiree with 10 years of eligibility under the group insurance plan as an active employee;

- 70% County/30% retiree for each retiree with 25 or more years of eligibility under the group insurance plan as an active employee; and
 - for each year between 10 and 25 years that the employee is eligible under the group insurance plan as an active employee, the County's share must increase 1.33 percentage points to the maximum County share of 70%.
- If an employee retires on a service-connected disability under the Employees' Retirement System, the Elected Officials' Plan, the Retirement Savings Plan, or the Guaranteed Retirement Income Plan, and the employee does not have 10 years of eligibility under the group insurance plan, for group insurance eligibility and cost-sharing purposes the employee must be treated as having 10 years of County service.
2. Any other retiree group insurance benefit provision that applies to all or some employees hired before July 1, 2011, or that applies to an employee regardless of when the employee was hired, is not affected by this resolution.
 3. The Council recognizes the County Executive's authority at any time and for any lawful reason to amend or terminate the County's group insurance benefits and policies for retired employees. However, any material change in any part of this resolution or its application to any retired or active employee or group of employees, including any premium holiday or other waiver of premiums for County-provided health or life insurance, is subject to Council approval.

This is a correct copy of Council action.



Linda M. Lauer
Linda M. Lauer, Clerk of the Council