

# **VILLAGE OF BARRINGTON HILLS**

## **HEALTH INSURANCE OPT-OUT POLICY**

### **PURPOSE**

The Village of Barrington Hills, as with many employers, must deal with the continuing increase in the cost of health insurance. The Village is aware that some employees may not need the Health insurance benefits received through the Village because alternative coverage is available under a parent's or spouse's insurance plan. A health insurance Opt-out program is being offered to employees who have alternative coverage. Current employees, who for the plan year discontinue participation in an existing Village health insurance plan (including dental) or reduce coverage from a family to a single plan will receive a payment in recognition of the Village's insurance cost savings. Newly hired employees are also eligible for the program.

### **PROGRAM**

An employee who has an alternative source of health insurance coverage and wants to either discontinue or reduce the current level of coverage under a Village health insurance plan may do so during the open enrollment period for a following plan year (January 1 – December 31). In return, the employee is eligible for an annual monetary waiver payment. Because having health insurance is vitally important, no employee will be allowed to waive/reduce existing coverage unless they can offer proof of coverage under an alternative health insurance plan.

Employees desiring to participate in the opt-out program must complete a waiver form (copy attached) and submit it to the Human Resources Coordinator (HRC) during the Village's annual open-enrollment period. Following the submission of the waiver application and verification of alternative insurance coverage, the current Village health insurance coverage will terminate on December 31, the end of a plan year. An employee may qualify as a participant in the opt-out program during a plan year if within 30 days of a qualifying life-changing event (i.e., marriage) that provides them with alternative coverage they apply for the program.

Participants in the program will, in addition to the waiver payment, no longer have a deduction of the employee premium co-payments withheld from their paycheck. All payments are considered income and are subject to normal withholdings. Offering this program does not obligate the Village to continue the program from year-to-year if it is not economically feasible or if in conflict with Federal or State law. Contact HRC for the current opt-out waiver rates.

Health insurance opt-out payments can be received for 3 changes in health coverage.

1. Discontinuation of participation in a Village single health insurance plan
2. Discontinuation of participation in a Village family health insurance plan
3. Reduction of Village health insurance coverage from a family plan to a single plan (only available to those employees providing evidence of alternative family health insurance coverage). This option is NOT available to employees who naturally or under plan terms lose family status (e.g., divorce, death, age of dependent child, etc.).

### **BENEFIT**

The opt-out payments are 40% of the premiums coverage's reduction for the PPO plan and Dental plan in effect for the plan year.

The waiver payments for employees discontinuing or reducing existing coverage, or as a NEW employee declining participation in a Village Health Insurance plan will be based on actual rates supplied by the insurance provider.

### **NEW EMPLOYEES**

New employees starting with the Village after the beginning of a plan year may be eligible to participate in the opt-out program by declining health insurance coverage during the initial sign-in period. Such employees will only be able to decline coverage equal to the type of coverage they had upon employment with the Village. The waiver payment received will be prorated for the balance of the plan year (January 1 - December 31) based on the number of waiver payment pay periods remaining in the plan year. Also, new employees must also offer proof of coverage under another health insurance plan.

### **DURATION**

A waiver of health insurance is in effect for only 1 plan year (January 1 – December 31). Employee's desiring to continue in the opt-out program for the next plan year must complete a new waiver form (with proof of alternative insurance coverage) during the open enrollment period for that plan year. Employees desiring not to continue in the opt-out program MUST complete all required forms for Village health insurance coverage during the open enrollment period. Coverage is effective January 1 of the next plan year.

### **SEPARATION**

If an employee participating in the opt-out program separates employment with the Village during a plan year, waiver payments will only continue through the last payroll period employed.

### **RE-ENROLLMENT**

Re-enrollment to a Village plan can only occur during the annual open enrollment period or within thirty (30) days of a life-changing event (e.g., spouse losing insurance coverage). Under a qualifying re-enrollment during the plan year, the waiver payment will cease in the payroll period that Village health insurance coverage becomes effective.

### **EFFECTIVE**

The opt-out program will be offered for the next full health plan year becoming effective the start of that plan year. Employees not covered by a Village health insurance plan during a current health plan year who had previously discontinued Village insurance coverage, as defined in this program, are eligible for a waiver payment.

