

**TITLE:** RETIREE HEALTH BENEFITS

**PURPOSE:** To provide an overview of the health benefits offered to Benefit Eligible Retirees and their Benefit Eligible Dependents.

### POLICY STATEMENT:

Harris Health System (Harris Health) values the health and well-being of its retirees and their dependents, and therefore provides a number of health benefits to those individuals. Both the Benefit Eligible Retiree and Harris Health share the cost of providing the benefits. At the time of retirement, a Benefit Eligible Retiree will be offered only the medical, dental, and vision coverage he or she was enrolled in as an active employee on the day before he or she retired.

### POLICY ELABORATIONS:

#### I. ELIGIBILITY – EMPLOYEE

The Employee Benefits Department of Harris Health (Benefits) is responsible for determining whether a retiree or dependent is eligible for retiree health benefits based on Harris Health’s policies, programs, plans and applicable law. For purposes of this Policy, all references to “termination,” “terminated,” “creditable service,” and similar terms and phrases refer to employment with and termination of employment from Harris Health for purposes of benefits offered by Harris Health.

A. Benefit Eligible Employee:

Defined in Harris Health System Policy and Procedures 6.12 Employment; see Definitions of Full-Time Status and Part-Time with Benefits Status.

B. Benefit Eligible Retiree – General Rule:

Generally, a “Benefit Eligible Retiree” is an employee of Harris Health who:

1. Began his or her current employment with Harris Health prior to **June 1, 2018**;

2. Throughout the period from **June 1, 2018**, through the date he or she terminates employment as a regular Full-Time Employee of Harris Health (as defined in Harris Health System Policy and Procedures 6.12 Employment; see Definition of Full-Time Status);
3. Terminates employment and on the date employment terminates:
  - a. He or she is age fifty-five (55) or older; and
  - b. His or her years of regular full-time creditable service with Harris Health plus his or her age equals or exceeds eighty (80) points (Rule of 80); and
  - c. He or she was enrolled and participating in a medical, dental, or vision plan offered by Harris Health on the last day of active employment.

In addition, a Benefit Eligible Retiree who retired from Harris Health prior to **June 1, 2018**, who at the time of retirement qualified for retiree medical coverage under a then applicable policy of Harris Health, and was enrolled and participating on **May 31, 2018**, in a medical, dental, or vision plan offered by Harris Health as a Benefit Eligible **Retiree** may continue to qualify as a Benefit Eligible Retiree.

A Benefit Eligible Retiree who retires from Harris Health may continue to carry into retirement only the medical, dental, or vision coverage that he or she was enrolled in on the day immediately preceding his or her date of termination, as provided in Section III below. An employee of Harris Health who is hired or rehired (except for reinstatement) on or after **June 1, 2018**, is not eligible for benefits under this Policy.

### C. Benefit Eligible Retiree – Special Rules:

There are exceptions to the general rule set out in Section I.B., above. An employee of Harris Health who terminates employment will qualify as a Benefit Eligible Retiree and will be eligible to carry into retirement the medical, dental, or vision coverage that he or she was enrolled in on the day immediately preceding his or her date of termination from Harris Health, if the regular Full-Time Employee satisfies all of the requirements of one of the following paragraph:

1. Began his or her current employment with Harris Health prior to **June 1, 2018**:
  - a. Throughout the period from **June 1, 2018**, through the date he or she terminates employment is:
    - i. A regular Full-Time Employee; and
    - ii. Enrolled and participating in a medical, dental, or vision plan offered by Harris Health one (1) day prior to retirement (a one (1)-day look back period);
  - b. Attained before **June 1, 2012** one (1) of the following conditions and is not re-employed (except for reinstatement) by Harris Health after terminating employment with Harris Health:
    - i. Age fifty-five (55) and at least ten (10) years of regular full-time creditable service; or
    - ii. Age sixty-five (65) and at least one (1) year of regular full-time creditable service.

### D. Benefit Eligible Retiree – Termination of Benefits:

1. A Benefit Eligible Retiree will lose medical, dental, or vision plan coverage offered by Harris Health on the date the Benefit Eligible Retiree drops coverage or otherwise ceases to participate in the plan for any reason, including failure to timely pay required premiums.

2. An Enrollee will cease to qualify as a Benefit Eligible Retiree on the date he or she is rehired by Harris Health. If a Benefit Eligible Retiree is rehired by Harris Health, his or her eligibility for active employee benefits will be determined based on his or her most recent date of hire into a benefits eligible position and the individual will cease to be eligible in the future for Harris Health provided retiree health benefits.

## II. ELIGIBILITY – DEPENDENT:

### A. Dependent Eligibility:

Except as provided in Section II.C below, a Benefit Eligible Retiree enrolled in a Harris Health-sponsored medical, dental, or vision plan (an “Enrollee”) may also enroll his or her qualifying Benefit Eligible Dependent in the same plan in which he or she is enrolled. A “Benefit Eligible Dependent” is:

1. The Enrollee’s qualifying Spouse.
2. The Enrollee’s Child up to the end of the month in which the Child attains age twenty-six (26) years.
3. The Enrollee’s Child age twenty-six (26) years or older who has a mental or physical disability of a permanent or of an indefinite but long duration.
4. The Enrollee’s unmarried Grandchild:
  - a. Up to the end of the month in which the Grandchild attains age twenty-six (26) years; and
  - b. Who is a dependent of the Enrollee and/or the Enrollee’s Spouse for federal income tax purposes at the time application for coverage is made.
5. The terms “Spouse,” “Child,” and “Grandchild” are defined in the section below.

### B. Spouse, Child and Grandchild:

1. A Spouse is the person to whom the Enrollee is married at the time of retirement from Harris Health and who was enrolled and participating as the qualifying spouse of the Enrollee in a medical, dental, or vision plan offered by Harris Health at the time of retirement of the Enrollee from Harris Health.
2. A Child is:
  - a. A natural child;
  - b. A stepchild;
  - c. A legally adopted child (including a child placed with the Enrollee and/or the Enrollee's Spouse pending finalization of adoption proceedings); or
  - d. A child for whom the Enrollee and/or the Enrollee's Spouse has obtained, permanent legal custody or permanent legal guardianship pursuant to a court order.
3. A Grandchild is a Child of the Enrollee's Child and/or a Child of the Enrollee's Spouse's Child.

### C. Special Enrollment Provisions:

1. In cases in which one spouse is a Benefit Eligible Employee and the other is a Benefit Eligible Retiree and both seek to enroll in a Harris Health medical, dental and/or vision plan, each spouse must choose to enroll either as an Enrollee or as the Spouse of an Enrollee. One (1) individual cannot be enrolled as both an Enrollee and a Spouse at the same time.
2. In cases in which a Child or Grandchild seeking to enroll in a Harris Health medical, dental and/or vision plan is the qualifying dependent of more than one Benefit Eligible Employee and/or Benefit Eligible Retiree, that Child or Grandchild can only be enrolled as the dependent of one Benefit Eligible Employee or Benefit Eligible Retiree. For example, in

situations in which both parents of a qualifying Child qualify as a Benefit Eligible Employee and/or Benefit Eligible Retiree and both choose to enroll for Harris Health provided plan coverage, only one of those individuals may enroll the Child as a dependent.

3. In conflict of enrollment situations, legal documents may be required to determine who may enroll the Child or Grandchild. The final eligibility determination rests with Benefits.

D. Termination of Coverage:

Coverage provided to a Benefit Eligible Dependent will terminate upon the first of the following events to occur:

1. The date the dependent no longer satisfies the requirements for a Benefit Eligible Dependent; or
2. The date benefits coverage ends for the Enrollee.

E. Fraud or Intentional Misrepresentation of Material Fact:

1. An Enrollee who enrolls an individual as a dependent in a Harris Health sponsored plan or program that is not funded by an insurer is liable to, and obligated to repay, Harris Health and such plan or program for all amounts paid to, for, or otherwise with respect to such individual for any period that the individual was not eligible for benefits. The Enrollee is also responsible for reimbursement of all reasonable costs and fees incurred by Harris Health to recover such amounts.
2. In the case of group health plan coverage as defined in the Public Health Services Act (PHSA), 42 U.S.C. §300gg-91, and/or section 5000(b)(1) of the Internal Revenue Code of 1986, as amended, that is subject to the provisions of Part A of Title XXVII of the PHSA (as amended by the Patient Protection and Affordable Care Act) (Affordable Care Act Medical Coverage), to the extent that such coverage is not funded by an insurer, an individual shall not be entitled to coverage under such Affordable Care Act Medical Coverage if the individual (or a person seeking coverage on behalf of the individual) performs an act, practice or

omission that constitutes fraud or makes an intentional misrepresentation of material fact in connection with the enrollment of the individual in the plan.

3. An Enrollee who knowingly enrolls or attempts to enroll a dependent in coverage under a plan or program offered by Harris Health for which that individual is not eligible violates not only the terms of the applicable plan or program but the policies and ethics rules of Harris Health.
4. If an Enrollee or any other adult enrolled under a plan or program offered by Harris Health knowingly provides false, incomplete, or misleading information that constitutes fraud or intentional misrepresentation of a material fact, this may result in denial or loss of benefits. Coverage for such Enrollee or other adult person may be retroactively rescinded and the individual required to repay Harris Health or the policy underwriter all employer-funded premiums and benefit payments made for which the person was not eligible.

### III. BENEFITS AVAILABLE TO BENEFIT ELIGIBLE RETIREES:

#### A. A Benefit Eligible Retiree Can Continue Health Benefits:

A Benefit Eligible Retiree may continue to carry medical, dental, or vision coverage into retirement if he or she was enrolled in that type of coverage on the day immediately preceding his or her date of termination from Harris Health. Retiree coverage is effective as of the retirement date entered in PeopleSoft, but coverage is contingent upon the Benefit Eligible Retiree's timely payment of applicable premiums.

1. A Benefit Eligible Retiree is eligible to make new plan elections at the time of his or her termination from Harris Health. A Benefit Eligible Retiree will only be eligible for the coverage in which the Benefit Eligible Employee is enrolled on the day immediately preceding his or her date of termination. A Benefit Eligible Retiree can choose to enroll in a new plan type (e.g., Medical PPO to HMO type coverage or Dental PPO to HMO and vice versa) within thirty-one (31) days of the effective date of retirement.

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2. A Benefit Eligible Retiree may continue to cover his or her Spouse and other dependents that he or she covered as a Benefit Eligible Employee on the day immediately preceding his or her termination. A Benefit Eligible Retiree cannot add a Spouse to any coverage at the time of or following his or her termination.
3. A Benefit Eligible Retiree may enroll a qualifying Child in medical, dental, or vision coverage at the time of and following his or her termination, during Annual Enrollment, and in other situations described in the group health plan's official documents.
4. A Benefit Eligible Retiree may drop coverage during Annual Enrollment and in other situations described in the group health plan's official documents. Once coverage is dropped, coverage cannot be reinstated at a later date (unless adding a dependent child).
5. Failure to timely pay premiums for coverage provided to the Benefit Eligible Retiree will result in loss of the coverage. After coverage is lost for failure to timely pay premiums, the coverage cannot be reinstated.
6. A Benefit Eligible Employee retiring prior to January 1, 2023 will be eligible to enroll in either the Harris Health group medical plans or the Healthcare Reimbursement Account (HRA) plan. Once a Benefit Eligible Retiree is enrolled in the HRA plan, they are ineligible to return to the Harris Health group health plan.
7. A Benefit Eligible Employee retiring after January 1, 2023 will only be eligible to enroll in Healthcare Reimbursement Account (HRA) plan.

8. Effective January 1, 2020, Benefit Eligible Retirees, under the age of sixty-five (65), will be eligible for an HRA allocation outlined below, based upon the Retiree's age at retirement.

Retirement Age	Retiree Allocation	Dependent Allocation
55	\$6,600	\$3,300
56	\$7,200	\$3,600
57	\$7,800	\$3,900
58	\$8,400	\$4,200
59	\$9,000	\$4,500
60	\$9,600	\$4,800
61	\$10,200	\$5,100
62	\$10,800	\$5,400
63	\$11,400	\$5,700
64	\$12,000	\$6,000

9. Effective January 1, 2020, Benefit Eligible Retirees, who are age sixty-five (65) or older, will be eligible for an HRA allocation of \$1,968 for Retiree only coverage and \$2,952 for retiree and dependent(s) coverage.
10. Annually Harris Health will apply a 3% cost of living increase to the allocation amounts.
- B. A Benefit Eligible Retiree and Benefit Eligible Dependent Age Sixty-Five (65) or Older Must Enroll in Medicare:
1. Benefit Eligible Retirees and Benefit Eligible Dependents who are age sixty-five (65) or older are required to enroll in both Part A and Part B of Medicare to obtain coverage under a medical plan offered by Harris Health.
  2. Benefit Eligible Retirees and Benefit Eligible Dependents who are age sixty-five (65) or older are not required to enroll in Medicare Part D coverage.
- C. A Disabled Benefit Eligible Retiree and Disabled Benefit Eligible Dependent Must Enroll in Medicare:

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1. A Benefit Eligible Retiree who is disabled and a retiree's Benefit Eligible Dependent who is disabled are required to enroll in Part A and Part B of Medicare to obtain coverage under a medical plan offered by Harris Health.
2. As an offset of the cost to carry Medicare coverage, Harris Health has waived the Benefit Eligible Retiree's cost share of the premium for the Harris Health medical plan, based on the Retiree Only level of coverage. This rate reduction assumes continued Social Security Disabled status until age sixty-five (65) with continued coverage under both the Harris Health medical plan and Medicare. A limit of one premium rate reduction per month per Benefit Eligible Retiree will apply.
3. A disabled Benefit Eligible Retiree under the age sixty-five (65) or a disabled Benefit Eligible Dependent under the age of sixty-five (65) of a retiree who was awarded Medicare eligibility as a result of a Social Security approved disability prior to September 30, 2010 and who was not enrolled in both Part A and Part B of Medicare as of September 30, 2010 is exempt from the Harris Health medical plan Medicare enrollment requirement as of their awarded Medicare eligibility date. For these individuals, the Harris Health sponsored medical plan will provide primary coverage with Medicare as secondary coverage until the grandfathered participant enrolls in both Part A and Part B of Medicare or attains age sixty-five (65), whichever occurs first.

#### IV. BENEFIT ADMINISTRATION:

##### Ineligible Dependent

A participant in a Harris Health plan is responsible for immediately contacting Benefits when a Dependent no longer meets eligibility guidelines so that coverage(s) can be timely terminated. Failure to timely notify Benefits within thirty-one (31) calendar days will result in forfeiture of back premiums paid if the level of coverage is affected.

### V. HARRIS HEALTH RIGHTS TO MODIFY BENEFITS:

Harris Health reserves the right to modify, amend, terminate, rescind, or replace any and all benefit plans, programs, benefit offerings, premium rate tables, etc., at any time with or without advance notice to any Benefit Eligible Retiree or Benefit Eligible Dependent as Harris Health determines.

#### REFERENCES/BIBLIOGRAPHY:

Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA)

Family Medical Leave Act of 1993 (FMLA)

Health Insurance Protection and Accountability Act of 1996

Health Care and Education Reconciliation Act of 2010 signed into law on March 30, 2010

Public Health Service Act provisions enacted/amended by the Patient Protection and Affordable Care Act signed into law on March 23, 2010

Social Security Act of 1935

Harris Health System Policy and Procedures 6.01 Permanent Reduction in the Work Force

Harris Health System Policy and Procedures 6.30 Severance Benefits for Positions at the Director Level and Above

Harris Health System Policy and Procedures 6.12 Employment

Harris Health System Policy and Procedures 6.32 Short-Term Disability

Harris Health System Policy and Procedures 6.29 Family and Medical Leave of Absence



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**OFFICE OF PRIMARY RESPONSIBILITY:**

Harris Health System Senior Vice President of Human Resources / Benefits Director

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