



Administrative Policy Manual

Policy No: A-6

Date: 12-1-10

Approved: Dan Matting

SUBJECT: RETIREE HEALTH INSURANCE

PURPOSE: To establish and record procedures and criteria related to health insurance for retirees.

GENERAL POLICY:

The City of Indio pays the health insurance premium for employees and his/her spouse, eligible dependent(s), and/or domestic partner when that employee has retired from City service based on vesting schedule established by the City with the California Public Employees' Retirement System (CalPERS). For purposes of this policy, vesting for health insurance is stated beginning in Provision 8.

PROVISIONS:

1. Indio's retiree health program has been in effect since 1994 and applies to full time employees. Elected officials are also eligible so long as the elected official elected to participate in the CalPERS system.
2. Employees are eligible to participate as long as he/she is alive.
3. Upon becoming Medicare eligible, the employee must enroll in Part B Medicare. If the employee is still employed and working for the City, the employee must enroll in Part A Medicare. Failure to do so will result in termination of basic plan coverage by CalPERS (Chapter 2 of Division 1 of Title 2 of the California Code of Regulations Section 599.517).
4. Health insurance for spouse/dependent/domestic partner terminates on the employee's death if the employee selected the unmodified option of Option 1 for pension distribution. Spouses/dependents/domestic partners are subject to the same Part B Medicare enrollment provisions contained in 3 above. The transfer of eligibility terminates on the death of the spouse, eligible dependent(s) and/or registered domestic partner.
5. The program is for health insurance only. It does not apply to dental or vision insurance. Only the actual amount of the health insurance contribution is paid by the City up to the maximum specified in applicable MOU's and PERS resolutions. Retired employees and/or their spouse, eligible dependent(s), and/or domestic partner are not eligible to receive any "left over" cafeteria money.

6. Payment for health insurance is made directly to CalPERS by the City. If the amount of the health insurance premium exceeds the amount of the City's contribution, the difference will be deducted by CalPERS from the employee's (or survivor's) pension check.
7. CalPERS, not the City, determines dependent eligibility.
8. The amount of the cafeteria benefit for a retiree/eligible, dependent/registered domestic partner is the same as it is for an active employee hired before July 30, 2009.
9. The amount of the cafeteria benefit for a retiree/eligible, dependent/registered domestic partner is based on the following vesting schedule for employees hired after August 1, 2009.
 - a. A minimum of ten (10) years of state service credit is required to receive 50% of the employer contribution.
 - b. Five (5) of those ten years of service must be performed with the City of Indio.
 - c. Each additional service credit year after ten years increases the employer contribution percentage by 5% until twenty (20) years at which time the retiring employee is eligible for 100% of the employer contribution.
 - d. Employer contribution for retirees is based on employee bargaining unit agreements (MOU).
 - e. Exception to the vesting requirement, if an employee who retires on a disability retirement, the City pays full medical benefit up to the current employer contribution based on employee bargaining unit agreement (MOU).

Credited Years of CalPERS Service	Percentage of Employer Contribution
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 or more	100%

10. Employees who retire with the City of Indio and later reinstate service with a CalPERS agency will sacrifice Indio's retiree health benefit.
11. Elected Officials who are receiving health insurance benefits through another CalPERS agency in which they are employed are not eligible to receive health insurance benefits through Indio's program.