

Agenda Item Summary

1. **ACTION REQUESTED/PURPOSE:** Adopt revision to the Benefits Plan (Summary Plan Document) description to define eligible retirees to include persons who have taken alternatives to the Florida Retirement System (FRS) defined benefit plan. This also outlines interaction between Medicare Part D, which is the new prescription drug plan effective January 1, 2006, and our health plan.

2. **WHAT ACTION ACCOMPLISHES:** Updates the Summary Plan Document to define retirees who may participate in our health, dental, life insurance and vision plans. An employee who chooses the investment plan or alternatives may participate in our health plan if they have six years or more of service with FRS or with Lee County. Retirees who take Medicare Part D (Medicare's Prescription Drug Plan) will not be eligible to participate in the health plan.

3. **MANAGEMENT RECOMMENDATION:** Approve.

4. Departmental Category: <u>6</u> <u>CGB</u>		5. Meeting Date: <u>08-09-2005</u>
6. Agenda: <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Administrative <input type="checkbox"/> Appeals <input type="checkbox"/> Public <input type="checkbox"/> Walk-On	7. Requirement/Purpose: (specify)	
	<input type="checkbox"/> Statute	<input type="checkbox"/> Ordinance
	<input type="checkbox"/> Admin. Code	<input type="checkbox"/> Other
	<input checked="" type="checkbox"/> Summary Plan Documents	
8. Request Initiated: Commissioner _____ Department <u>Human Resources</u> Division _____ By: <u>Dinah Lewis</u>		

9. **Background:** There are several options open to employees who seek retirement from the County and from other entities in our benefits plans: FRS Defined Benefit, FRS Investment Plan; and alternate investment plans open to members of the Senior Management Service Class and Elected Officials Class. After six years of service, these are recognized as retirees entitled to participation in retiree benefits plans.

Medicare will also have a new program for Medicare eligible retirees beginning January 1, 2006. This is designated as Medicare Part D, and covers prescription drugs. In order to encourage employers to continue to provide a prescription drug benefit to retirees, Medicare will reimburse those employers who provide a drug benefit. Medicare eligible retirees must chose to either remain on our health plan and obtain prescription drugs from us, or to drop our plan and use the Medicare benefits available, including Part D.

Refunds to Lee County, as a participating employer, from Medicare Part D cannot be accurately estimated as this time, but are expected to be in excess of \$100,000 per year.

10. Review for Scheduling:

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services			County Manager/P.W. Director
<i>[Signature]</i>		<i>[Signature]</i>		<i>[Signature]</i>	Analyst <i>[Signature]</i>	Risk <i>[Signature]</i>	Grants <i>[Signature]</i>	Mgr. <i>[Signature]</i>

11. Commission Action:

- Approved
- Deferred
- Denied
- Other

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<p style="text-align:center"><b>SUMMARY PLAN DESCRIPTION</b> <b>RETIREE PARTICIPATION IN BENEFIT PLANS</b></p>
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Employees who are benefit eligible may participate in the following upon retirement: Health, dental, life (limited), and vision. They must join the plan(s) directly upon retirement or as stated in the last paragraph of this summary. In order to retain eligibility, the retiree must keep at least one plan at his/her initial retirement.

Benefit eligible retirees are defined as employees who are vested in FRS and retire from the County or a covered entity **directly** into the Florida Retirement System (FRS). This includes employees with six or more years of service who are in the FRS investment plan; **Or**, contract employees or members of the FRS Senior Management Service Class with six or more years of service who have chosen an alternate investment plan, and retire from Lee County. The latter includes members of the FRS Elected Officials class who may choose an alternate investment plan, have six or more years of service, and retire.

- A retiree, at the time of retirement, can only elect the benefits he/she has as an active employee at that time. The retiree does not have to take **all** the benefits he/she has, nor enroll all the dependents who are currently on the plan.
- Benefits cannot be added at the next open enrollment. A limited life insurance benefit is available to retirees **only** if elected at the time of retirement.
- Only those dependents on the plan at the time of the employee's retirement may be enrolled at the time of retirement. The retiree has the option to add or remove eligible dependents at each open enrollment.
- A retiree must take a benefit in order for the dependents to have the benefit.

If a retiree "suspends" his/her retirement in order to return to employment with an employer who participates in the FRS system, he/she loses the status of a retiree and cannot participate in the benefits plans as a retiree.

If a retiree returns to work after one year as retiree the following applies:

- If he/she is not in a benefit eligible status (30+hours per week), benefits remain the same as a full retiree. For persons over 65, we are secondary to Medicare in this case.
- If he/she works more than 30 hours per week:
  - If the retiree had life insurance, it is provided as an employee (one times salary) at the first of the month following employment, and the limited benefit resumes when he/she again retires (\$5,000). If the retiree did not have life insurance it is effective the first of the

month following one full month of employment, and may be elected as a limited benefit when retirement resumes.

- Health/dental/vision may be resumed at the first of the month following employment if he/she had it as a retiree. Otherwise the employee must wait until open enrollment. Upon retiring again, he/she may elect what benefits he/she had at that time.
- If the retiree had no health benefits, he/she may elect benefits the first of the month following one full month of employment.
- Disability insurance is effective the first of the month following one full month of employment.
- The new employee may choose to “opt out” in favor of using Medicare or another insurance.

Retirees who wish to participate in any plan must do so upon retirement. If a plan (health/dental/vision/life) is not elected at the time of retirement it cannot be elected at a later date. If any plan is dropped, it cannot be elected in the future. **Retirees with any plan in 2005 will have a single opportunity at open enrollment to elect any of the plans offered at open enrollment to be effective January 1, 2006. The exception is life insurance, which has a single opportunity to enroll at the time of retirement.** A retiree cannot change his/her election mid year unless he/she experiences a “life event” as defined in the eligibility section of the Summary Plan Description. Medicare eligibility is considered a life event.

Retirees who do not choose to take a plan at the time of retirement are not eligible to join the plan at a later date. A person who terminates employment and does not retire cannot elect benefits at a later date unless he/she has had continuous coverage for each plan he/she wishes to continue up to the time of retirement; i.e., COBRA.

Once a retiree or spouse becomes eligible for Medicare, the premium is reduced by the amount of the Medicare Part B premium. It is the responsibility of the retiree to notify the Lee County Benefits Unit, and furnish a copy of his/her Medicare card. Premium reduction will be effective the first of the month following notification to the Benefits Unit.

The continuation of this reduction in premium is subject to future Board action. We are secondary to Medicare whether or not the retiree chooses to take Medicare Part B.

We will continue to provide prescription drug coverage in lieu of a Medicare eligible retiree’s electing Medicare Part D (Medicare’s prescription drug plan). A Medicare eligible retiree must either continue to enroll in the health plan, including prescription drug coverage, **or** drop the health plan. A retiree cannot keep the Lee County health plan and enroll Medicare Part D. He/she must make this election either upon turning 65, or at open enrollment.

The premiums for employees who retire from the Board of County Commissioners and several of the entities are currently subsidized at 50% of the total employer plus employee cost. This is subject to Board approval in the future, but may not be more than the total premium cost, in accordance with Florida Statute 110.123 and 112.081.

Upon the death of the retiree, the spouse has the option to continue the insurance he/she currently has under the following conditions:

- Deceased retiree elected option 2, 3, or 4 of the defined benefit plan from FRS; and
- The spouse was on the insurance plan at the time of the death; and
- The spouse remains a member of FRS via survivor benefits; and
- The spouse informs Lee County Benefits within 60 days of the event and pays premiums starting the first of the month after the event.
  - If the spouse is not eligible for continuation of coverage under the above conditions, he/she is entitled to coverage under COBRA.

If an employee has ceased employment, he/she may remain on the benefit plans through participation in COBRA. If he/she is granted disability retirement by FRS, or chooses regular retirement, the retiree may switch from COBRA to retiree status. ***Coverage must be continuous from the date the employee ceases employment.*** This means all premiums due must be paid up-to-date.

**The County reserves the right to modify or terminate this plan for whatever reason at any time.**