



HERNANDO COUNTY
Board of County Commissioners

Policy Title: Group Insurance	Effective Date:	July 1, 2000
	Revision Date(s):	August 1, 2003 January 1, 2007 August 5, 2008
	Latest Review:	September 15, 2008

Policy Statement:

- A. All active full time county employees (employees regularly scheduled for more than thirty (30) hours per week) will be eligible for the County's Insurance Program upon satisfying the eligibility waiting period. This insurance may include but is not limited to Health Insurance, Dental Insurance, Group Life Insurance, Short Term Disability, Long Term Disability, Supplemental Insurance, Flexible Compensation Program, and Vision Care.
- B. The "eligibility waiting period" for new hires is defined as completion of sixty (60) calendar days of full time employment. The eligibility waiting period can be waived for key employees as determined by administration.
- C. The "effective date of insurance" is defined as the 1st of the following month following the completion of the eligibility-waiting period.
- D. Rehired employees will be processed the same as new hires. The date of hire will be shown as the re-hired date; however, their eligibility period shall be thirty (30) days.
- E. This policy is in direct compliance with the current laws of the State of Florida, ERISA, IRS and the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986.

Procedure

A. Cafeteria Style Plan

1. Benefits will be administered in a cafeteria style plan. Each employee will be given "Benefit Choice Dollars" each pay period to be used to help offset the cost of insurance. If the cost of the employee's insurance exceeds the Benefit Choice Dollars amount, the remainder will be deducted from the employee's pay. If the amount of insurance is less than the Benefit Choice Dollars amount, then that amount may be put into a medical "Flexible Spending Account" (FSA) or will be forfeited.
2. Benefit Choice Dollars are not considered income for wage verification and tax purposes.

B. Section 125 - Flexible Compensation Program

1. The Flexible Compensation Program allows employees to use pre-tax dollars to pay for insurance coverage and premium expenses they normally would pay for with out-of-pocket, taxable dollars. Pre-tax dollars are subtracted from the employee's gross earnings before taxes are deducted. Insurance coverage premiums are paid before taxes, which lowers the employee's taxable income. As a result, the employee pays less in taxes and keeps more of his earnings.
2. Employees may elect to participate in this Program at the beginning of their effective date of insurance coverage. An employee may also change or elect to participate in this Program during open enrollment at the beginning of each plan year. Following the selection of the 125 - Flexible Compensation Program, the employee must maintain the same dollar amount for the entire plan year with an option of changing at the end of the plan year. Exceptions are changes in family status that include: marriage, legal separation, divorce, death of a spouse, birth or adoption of child, termination or start of employment of employee or spouse, switching from part-time to full-time or full-time to part-time employment status of employee or spouse, and taking of unpaid leave of absence by employee or spouse.

C. Medical and Dental Insurance

1. Several medical and dental insurance options will be provided to County employees. Employees can also select several dependent coverage options. This coverage will be paid through payroll deductions made on a bi-monthly basis. When an employee is in an unpaid status and required to pay premiums out of pocket, the employee is responsible for paying all monies due for dependent coverage in a timely manner. Monies are due by the 20th of the month for the following month's coverage, unless other arrangements are made in advance. A thirty day grace period is given in which to make payment. If payment is not made timely, insurance coverage will be canceled.

2. Up-to-date information on providers, changes in benefits, etc. will be provided to the employee by the Insurance Carrier and by the Human Resources Department.
3. Employees are responsible for filing claim forms, changing personal information, providing dependent information and any other information as outlined in insurance contract and/or requested by insurance carrier in order to process claims and maintain records as required by law.
4. Customer service is provided by the Insurance Carrier and Human Resources Department when needed.
5. Open enrollment is limited to thirty days from time of initial eligibility (hire). Other enrollment provisions due qualifying events such as marriage, divorce, birth or adoption are governed by the Certificate of Coverage issued by the Insurance Carrier.
6. Hernando County retirees are eligible to continue health insurance benefits through the County. The benefit is administered by the Human Resources Department in accordance with Florida Statutes, however, paid by the retiree.

D. Opt-Out of Medical Insurance

Eligible full-time employees have the option of choosing to Opt-Out of the Major Medical Health Insurance that the county provides. In lieu of receiving the county's health insurance benefits, the eligible opt-out employee will receive a designated benefit dollar amount. If two employees are married, each employee will receive the single coverage amount of benefit choice dollars. The spouse who opts out of the medical coverage will receive the monetary benefit.

1. Eligibility Summary

- a. Must be eligible for Hernando County Group Medical Insurance
- b. Must provide written verification that major medical coverage is provided under an existing plan (military, retiree, or spousal insurance).
- c. Must sign the Medical Opt-Out Form.

2. Payment Summary

- a. If an employee chooses the Opt-Out Option, they will receive a designated benefit dollar amount that will be determined at the beginning of each plan year, based on insurance premiums. Benefit dollars will be paid the first two pay periods of each month.
- b. Payment will be subject to appropriate withholding and FICA taxes.

- c. Payments are not eligible for the pension programs and are not to be considered as salary.

E. Group Life Insurance and/or Accidental Death & Disability Benefits

1. The amount of life insurance provided by Hernando County to its employees is stipulated by the insurance schedule.
2. Accidental Death & Disability Benefits are available only to active employees and cannot be extended to disabled employees or retirees.
3. Upon approval of total disability (beginning of long-term disability), employees are eligible to apply for a waiver of premium for Extended Life Insurance during Total Disability.

F. Disability Insurance

Short-Term and Long-Term Disability Benefits are provided on a non-discriminatory basis to all eligible employees by Hernando County, as defined in Policy/Benefit Booklet provided by current insurance carrier.

1. Short-Term Disability - While covered under this benefit, if an employee becomes totally and continuously disabled because of a non-work related injury, sickness or pregnancy, the current carrier will pay a weekly disability benefit of 66-2/3% of the employees' weekly earnings up to a maximum of \$500 weekly. Short Term Disability Benefits will begin on the thirtieth calendar day after the last day worked. The maximum payment period is twenty-two weeks for Short-Term Disability.
2. Long-Term Disability - Long Term Disability Benefits become payable after the employee has been totally disabled for a period of six months. The insurance carrier will pay a monthly disability benefit of 60% of the employee's monthly rate of basic earnings up to a maximum of \$5,000 monthly. This monthly benefit may be reduced by the amount of disability or retirement benefits under the Social Security Act, retirement benefits, disability income benefits under a group life insurance plan, or military retirement pension plan, etc. The insurance carrier will pay benefits until the date the employee is no longer disabled, fails to furnish proof of disability, refuses to be examined as required by the insurance company or until the employee reaches maximum period payable.

G. Supplemental Insurance

1. The Board of County Commissioners offers other supplemental insurance programs through payroll deduction to allow employees to select benefits to suit their individual needs. Employees can chose from plans that offer supplemental benefits for cancer, accident/disability, hospitalization/intensive care, and whole life insurance policies. Plans are available for employees and their dependents.

2. Employees are responsible for payment of all premiums for supplemental insurance selections.
3. Upon leaving the employment of Hernando County, the employee may continue coverage of their supplemental insurance, if desired. The employee will be responsible for the full payment of any premiums and will be billed for their coverage selections at their home address.

H. Termination Date of Insurance

1. Date Insurance Coverage Ends
 - a. For resignations/terminations, all insurance coverage will end on the last day of the month in which the termination of insurance was affected.
 - b. Employees will be given the option of continuing their applicable coverage under COBRA ACT of 1985, ("COBRA") as amended.
 - c. COBRA continuation information will be sent to the employee's home address indicating benefit costs for medical and dental coverage. See COBRA section for more information.
 - d. For supplemental insurance policies, the company will be notified to bill the employee at their home to continue coverage.
 - e. Life insurance products may be converted into other policies directly through the life insurance carrier, if the individual desires. Paperwork should be obtained from Human Resources.

I. COBRA - (Public Law 99-272 Title X)

1. Federal Law (Public Law 99-272 Title X) also known as COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985 as amended) requires that Hernando County offer employees and their families the opportunity for a temporary extension of health coverage at group rates in certain instances where coverage under the plan would otherwise end.
2. Employee's Rights - Employees of Hernando County, covered by the Group Health and Dental Insurance Plan, have a right to choose this continuation of coverage due to loss of group health coverage because of a reduction in hours of employment or the termination of employment for reasons other than gross misconduct. If the loss of coverage is due to gross misconduct, continuation of coverage will not be offered.
3. Covered Spouse's Rights - The covered spouse of an employee has the right to choose continuation coverage if the loss of group health coverage is for any of the following four reasons:

- a. The death of the employee;
 - b. The termination of the employee's employment for reasons other than gross misconduct or a reduction in the employee's hours of employment;
 - c. Divorce or legal separation from the employee; or
 - d. The employee becomes entitled to Medicare.
4. Covered Dependent Rights - In the case of a covered dependent child of an employee, he/she has the right to continuation coverage if group health coverage is lost for any of the following five reasons:
- a. The death of the employee;
 - b. The termination of the employee's employment (for reasons other than gross misconduct) or a reduction in the employee's hours of employment;
 - c. A parent's divorce or legal separation;
 - d. The employee becomes entitled to Medicare; or
 - e. The dependent ceases to be a "dependent child" under the terms of the contract. Children may be covered to the end of the calendar year in which they reach the limiting age of twenty-five (25), as long as they are dependent upon the certificate holder for financial support, and living in the household of the certificate holder or a full-time or part-time student.
5. An employee also has a right to elect continuation coverage if he/she is covered under the plan as a retiree or spouse or child of a retiree, and lose coverage within one year before or after the commencement of proceedings under Title 11 (bankruptcy), United States Code.
6. Employee's Responsibilities - Under the law, the employee or a family member has the responsibility to inform Hernando County of a divorce, legal separation, or a child losing dependent status under the plan. This notification must be made within 60 days of the date of the qualifying event which would cause a loss of coverage. Notice must be in writing , and should be sent to:

Hernando County Board of County Commissioners
Benefits Coordinator, Human Resources
20 N. Main Street
Brooksville, FL 34601
(352) 754-4013

7. Continuation of Coverage Guidelines

- a. When Hernando County is notified that one of these events has happened, it will in turn notify the affected persons that they have the right to choose continuation coverage. An employee has sixty (60) days from the later of the date he/she would lose coverage or from the date of the notice to elect continuation coverage because of one of the events described above. If and when this election is made, coverage will become effective on the day after coverage would otherwise be terminated.
- b. If an employee does not choose continuation coverage, group health insurance coverage will terminate in accordance with the provisions outlined in county policy or other applicable plan documents.
- c. If continuation of coverage is chosen, coverage will be identical to the coverage provided under the County's plan to similarly situated employees and family members. The law requires that you be afforded the opportunity to maintain continuation coverage for three years unless loss of group health coverage was due to a termination of employment or a reduction in hours. In that case, the required continuation coverage period is 18 months (An extension to 29 months is available under certain circumstances to disabled persons - see # 4 below). However, the law also provides that continuation coverage may be terminated for any of the following reasons:
 - i. The employer/former employer no longer provides group health coverage to any of its employees;
 - ii. The premium for continuation coverage is not paid in a timely manner;
 - iii. After electing COBRA continuation coverage, the employee becomes covered under any other group health plan (as an employee or otherwise) which does not contain any exclusion or limitation with respect to any pre-existing condition;
 - iv. After electing COBRA continuation coverage, the employee is entitled to Medicare.
- d. Note: A Qualified Beneficiary who is determined under Title II or XVI of the Social Security Act, to have been disabled as of the date of termination of employment or reduction in hours, or within 60 days of COBRA coverage, may be eligible to continue coverage for an additional 11 months (29 months total). The employee must notify the employer within 60 days of the determination of disability by the Social Security Administration and prior to the end of the 18-month continuation period. The employer can charge up to 150% of the applicable premium during the 11-month extension. The disabled individual must notify the employer within 30 days of any final determination that he or she is no longer disabled. If the coverage is extended to a total of 29 months,

extended coverage will cease upon a final determination that the qualified beneficiary is no longer disabled.

- e. The employee does not have to show that he/she is insurable to choose continuation coverage. However, the employee will have to pay the group rate premium plus a 2% administrative fee for continuation coverage. The law also requires that, at the end of the 18-month, 29-month, or 36-month continuation coverage period, the employee must be allowed to enroll in an individual conversion plan provided under the current group health plan, if the plan provides a conversion privilege. Hernando County's current insurance carrier does not have an individual coverage conversion plan available.
8. Whom To Notify - Please contact the person or office shown below. Also, If you have changed marital status, or you, your spouse, or any eligible covered dependent have changed personal information (i.e. address, phone number, name), please notify, in writing the office shown below:

Hernando County Board of County Commissioners
Human Resources Department
20 N. Main Street, Room 364
Brooksville, FL 34601
(352) 754-4013

If any covered child is at a different address, please notify the office noted above so that a separate notice may be sent.



**HERNANDO COUNTY
BOARD OF COUNTY COMMISSIONERS**

MEDICAL OPT-OUT FORM

I, _____, elect to Opt-Out of the Major Medical Health Insurance coverage offered by my employer, the Hernando County Board of County Commissioners, for the 2008 Plan Year.

Opt-Out payments will be paid to me the first two pay periods of each month for a total of \$100 per month through the 2008 Plan Year. If my employment is terminated for any reason or I become ineligible for the Hernando County Medical Health Insurance, all Opt-Out payments will cease.

I have received a copy of the Hernando County "Opt-Out" Program and understand it is my responsibility to read and understand the program. I understand that the Opt-Out payments will not be considered as salary and will not be eligible for the pension program.

I do hereby confirm that I have other Major Medical Health Insurance coverage provided under an existing plan (military, spousal or retiree insurance) and have attached written verification of this insurance (i.e. letter from other company, other medical carrier or copy of insurance card).

Signature

Date

Witness