

HUMAN RESOURCES DEPARTMENT

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Date: March 15, 2013
To: Dee F. Bruemmer, County Administrator
From: Mary J. Thee, Human Resources Director/Asst. County Administrator
Subject: Human Resources Policy Updates

We have met with our Insurance Consultant, Holmes Murphy, to discuss potential impacts related to the Affordable Care Act. One change that goes into effect January 1, 2014 is related to the requirement of providing health care coverage to employee that is considered full-time. This regulation applies to the County as we have more than 50 employees. The ACA requires us to provide affordable health care to full-time employees. Failure to provide the coverage subjects the employer to penalties. The ACA defines full-time employees as those working 30 or more hours a week. The issue can arise for those employees who work variable or seasonal hours, in other words it is uncertain how many hours a week they may actually work.

For variable or seasonal employees the ACA allows an employer to be eligible for a "safe harbor". The County meets this eligibility as we offer health care coverage to our full time employees and the annual premium cost to employees does not exceed 9.5% of their W-2 wages. Thus under the safe harbor we are required to establish specific measuring periods in order to look back on hours worked to review employee eligibility. Human Resources staff met with Holmes Murphy, Budget Manager and Conservation staff to review the guidelines and thus have made the recommendations for updates to Policy P, "Insurance and Deferred Compensation". Due to the seasonal nature (e.g. one week an employee may work 20 hours and then 40 hours the following week due to weather) of work in Conservation we are recommending a twelve month measuring and stability period. This allows an annual review of staffing to determine insurance eligibility in a following year or review the potential need to address the numbers of seasonal staff necessary to perform the required duties. The policy also will apply to other part-time employees; however their annual hours are currently being tracked in order to comply with collective bargaining language.

Additional policy changes include the differentiation of the health coverage from dental and vision. The ACA applies solely to health coverage, so it seems appropriate at this time not to lump the three areas of coverage into one term. The deferred compensation language has been clarified to solely apply to non-represented employees as it is a negotiated benefit with employees covered by collective bargaining employees. We are recommending eliminating the four year waiting period for the deferred compensation match as three out of five union contracts do not require this waiting period. Also there are changes to the Healthy Lifestyles language to comply with the change in practices. We also are recommending expanding the

premium difference for the Wellness and non-Wellness health care coverage from \$5.00 a month to \$25.00 a month. It remains compliant with the ACA and has already been negotiated with one union.

P. INSURANCE AND DEFERRED COMPENSATION

GENERAL POLICY

It is the policy of Scott County to offer medical, prescription drug, dental, vision, life insurance coverage and deferred compensation options to its benefit-eligible employees.

SCOPE

This policy is applicable to the following:

All employees responsible to the Scott County Board of Supervisors;

All employees responsible to a County elected office holder with the exception of the elected office holder themselves and Deputies;

All elected office holders and/or Deputies provided the appropriate elected office holder and the Board of Supervisors have certified its applicability;

All employees not directly responsible to either the Board of Supervisors or an elected office holder and whose governing body and the Board of Supervisors have certified its applicability.

Whenever the provisions of this policy are in conflict with the Code of Iowa, or with a collectively-bargained agreement between the County and a certified bargaining unit, the provisions of the collectively-bargained agreement and/or the Code of Iowa will prevail.

HEALTH BENEFIT ELIGIBILITY

To be eligible for group health and/or life insurance benefits, an employee must occupy a regular full-time position or a regular part-time position scheduled to work at least one thousand, five hundred and sixty (1,560) hours per year. Non-represented regular part-time employees hired before July 1, 2010 and scheduled to work at least one thousand and forty (1,040) hours per year continue to be eligible for coverage. Coverage **for employees expected to work full-time** is normally effective the first day of the month following appointment to a benefit-eligible position.

The County will use the safe harbor measurements permitted under the Affordable Care Act for variable hour part-time (not anticipated to work thirty (30) or more hours a week) and seasonal employees to determine employee eligibility for group health coverage. The standard measuring period and stability periods are established at twelve (12) months. The County will review at the conclusion of the initial measuring period if the employee worked one thousand, five hundred and sixty (1,560) hour or more to

determine eligibility, and if so consider the employee full-time and eligible for group health coverage through the stability period (regardless of hours worked). The administrative period for enrollment following the initial measuring period is thirty (30) days. If the employee worked less than one thousand, five hundred and sixty (1,560) hours during the initial measuring period then the employee will not be treated as eligible for group health benefits during the stability period. When calculating hours for non-exempt employees under FLSA, the County will include hours worked plus hours where payment was made for vacation/PTO, holiday, sick/medical leave, jury duty, military leave or other paid leave of absence.

GROUP HEALTH BENEFITS

Coverage available under the County's group health plan include: hospital and medical benefits; prescription drug benefits; Additionally the County provides group coverage for dental benefits, and vision benefits. A detailed description of benefits, including deductible, premiums and coinsurance requirements, is available through the Human Resources Department.

The County will pay the monthly single premiums for benefits included under the group health, dental and vision plan, and will pay a portion of the dependent premiums for those employees electing dependent coverage. The specific amount to be contributed by the County for dependent coverage will be established each year by the Board of Supervisors and become effective January 1st.

GROUP LIFE BENEFITS

Benefit-eligible employees in positions classified under 350 Hay points are eligible to receive term life and AD & D insurance coverage equal to \$20,000. Benefit-eligible employees in positions classified at 350 Hay points or above are eligible to receive term life and AD & D insurance coverage equal to one hundred percent of their annual salary as of July 1st of each year. Department Heads, Elected Officials, and Deputy Office Holders are eligible to receive term life and AD & D insurance coverage equal to two hundred percent of their annual salary as of July 1st of each year.

The County will pay the monthly premium for the term life and AD & D coverage described above.

TERMINATION OF GROUP COVERAGE

Life insurance coverage under the County's group plan will end on the employee's date of employment termination.

Health, dental and vision coverage under the County's group plan will normally terminate at the end of the month in which the employee terminates employment with

the County. However, an employee may be eligible to extend coverage under the group plan as required by state or federal law. An employee shall be considered a retiree for purposes of continued insurance coverage until age 65 if one of the following occurs: 1) the employee qualifies for full retirement benefits through IPERS with service from the County, another employer, or purchased service quarters; 2) the employee is age 55 or more and has at least 20 years of service with the County; or 3) the employee is a Sheriff's deputy, is age 50 or more and has 22 or more years of service. Premiums for extended coverage after employment shall be paid by the employee at 102% of the actual cost. Information on the extension of group coverage and/or conversion to an individual medical insurance policy is available through the Human Resources Department

LONG TERM DISABILITY

Benefit eligible employees (excluding deputy sheriff, sergeant, lieutenants, captain, major and sheriff) are provided with a long term disability insurance policy with the premium paid entirely by the County. The amount of coverage is sixty-six and two thirds percent (66 2/3%) of the employee's annual salary, following a determination of eligibility and a 90 day waiting period. Specific details are found in the insurance plan document.

DEFERRED COMPENSATION PLAN

Employees shall have the option of deferring a portion of their compensation for the purpose of building retirement security in a tax-sheltered investment plan in accordance with state and federal law. Payroll deductions can only be made for Deferred Compensation Plan Providers who have completed Deferred Compensation Plan Administrator Agreement and have a minimum of 10 employees requesting enrollment in the plan. All Deferred Compensation Plan Providers must satisfy the requirements of Section 457 of the Internal Revenue Code and the Administrator Agreement to maintain eligibility as a provider.

For ~~those non-represented~~ employees ~~with four or more years of continuous service with the County, or who reach the top of their pay range prior to the end of any calendar year,~~ the County will match their contribution at \$.50 for each dollar the employee contributes during that calendar year, up to a maximum of \$500.00. The matching contribution will be paid in the second paycheck in January of the following calendar year or upon termination of employment, whichever occurs first. The employee is responsible for monitoring and not exceeding the maximum allowable annual contribution in accordance with Section 457 of the Internal Revenue Code.

Information regarding payroll deduction for deferred compensation and selection of Providers, distribution, change or designation of beneficiaries is available through the Human Resources Department. The County does not solicit, nor endorse any Deferred Compensation Plan Provider.

FLEXIBLE BENEFITS PLAN (SECTION 125)

Pursuant to Section 125 of the Internal Revenue Code, the County offers employees the option of using a portion of their before tax compensation for one or more of the following flexible benefit plans:

1. Premium Only Plan - Provides for the reduction of compensation by the employee contribution for health and life insurance premiums before taxes.
2. Dependent Care Reimbursement Account - Employees fund the flexible spending account by regular payroll deductions prior to tax pursuant to federal law. Dependent care expenses are then reimbursed up to the amount of the annual election.

Unused annual elected amounts are forfeited.

3. Health Care Reimbursement Account - Employees determine an annual election amount permitted by federal law, to be put into a flexible spending account for non-covered health-related expenses. The elected amount is deducted from compensation prior to tax and expenses are then reimbursed up to the amount of the employee's annual election.

Unused annual elected amounts are forfeited.

Employees electing to participate in one or more of the plans may have expenses for group health premiums, dependent care, or out-of-pocket health care costs deducted from compensation prior to taxes. Detailed information and enrollment forms regarding these flexible benefit plans are available through the Human Resources Department.

HEALTH INSURANCE BILL AUDIT PROGRAM

A participant can receive cash payments by auditing his/her own hospital, medical and/or dental bills. The participant should check each bill for unrecognizable charges such as laboratory tests and procedures that were not received or therapy charges that do not reflect the treatment received. Scott County will share the savings with the participant. The procedures outlined below should be followed.

Before the participant leaves the hospital, physician's or dentist's office, or upon receipt of the itemized bill, the participant should carefully review the charges, looking for errors such as the following:

- an incorrect number of days was billed for a period of hospital confinement;
- an incorrect number of days in an intensive care unit was billed;
- the participant was billed for tests not performed;
- an incorrect number of hours of physical therapy was billed;

- the participant was inaccurately billed for drugs; and/or
- on the day the participant left the hospital, he/she was charged for take-home drugs that were not received.

If the participant questions any charges and believes they are incorrect, he/she should contact the dentist, physician or hospital's billing office. The participant should ask for an explanation of any charges he/she does not understand.

Hospital, medical and dental bills eligible for this program are those for the employee and his/her covered dependents incurred after January 1, 2011 and covered by the County's Plan. This Plan must pay before coordinating benefits with other group health insurance plans also providing benefits.

As an incentive to carefully review healthcare bills, Scott County will pay the participant 25% of the saving of \$100.00 or more to this Plan for overcharges or for charges he/she has eliminated from any hospital, medical or dental bill for treatment, services or supplies not received to a maximum incentive payment of \$250.00 per confinement, illness or injury.

Obvious errors (e.g., \$1,000 for an office visit) will not be eligible for this program.

It will be the participant's responsibility, within 90 days of discharge or treatment to contact the hospital's or provider's billing department to report the error and obtain a corrected billing and to forward the original and corrected billing with corrected items circled to the Human Resources Department.

Upon review of the corrected billing, Scott County will notify the participant of the amount of payment for which he/she is eligible.

Employees should note that reimbursements of this nature are considered income for tax purposes.

HEALTHY LIFESTYLES PROGRAM

All non-represented employees will be provided the opportunity biennially to submit to a blood test ~~beginning April, 2011~~ at the Employers cost to determine any risk factors for metabolic syndrome. Employees with 3 or more risk factors will be offered the opportunity to participate in the Healthy Lifestyles Program at no cost to the employee. An employee will be permitted to opt out of the blood test and program, if the employee presents to the Human Resources Director proof from a physician that a blood test has been performed within the preceding 12 months and the physician is consulting with the individual about any risk factors related to metabolic syndrome. Employees will be released with pay to attend class~~estime~~ that occur during working hours. Employees participating in onsite classes are required to complete 8 out of all 10 classes (8 of which must be in person). Employees with computer access at home may opt to work schedules that are not conducive to attend the classes in person may apply to the Human Resources Director for a waiver to complete all or a portion of the classes on-line without additional compensation. The Human Resources Director will randomly select individuals for the next scheduled class and track attendance. All 10 classes must be completed. Those employees with 2 risk factors are encouraged to participate

in the Healthy Lifestyles Program, in which the Employer shall pay 25% of the class costs plus blood tests. Other employees may voluntarily participate in the Healthy Lifestyles classes at their own expense. Genesis Occupational Health will confidentially report to the Human Resources Director those employees eligible to attend at which cost level.

Employees identified by Genesis Occupational Health with 3 or more risk factors that decline to participate in the Healthy Lifestyles program or employees who decline to submit to a blood test shall pay a revised co-payment for any physician medical service as follows:

<u>Current co-pay</u>	<u>Revised co-pay</u>
\$0	\$0
\$20	\$25
\$50	\$55
\$75	\$90
\$100	\$115

Additionally employees will pay \$25 per month for single coverage. If an employee has a family dependent plan their premium will increase \$25 per month. Employees who do not complete the Healthy Lifestyles program attendance guidelines shall begin paying the additional co-pays and premiums the month following the class conclusion and reimburse the county the cost of the program (less blood tests). The Human Resources Director will report any premium changes to Payroll and the effective date. ~~Employees must participate at the time of their lottery. The increased premiums and co-pays will go into effect January 1, 2012 and thereafter.~~

ADMINISTRATIVE PROCEDURES

1. The Human Resources Department is responsible for administering the County's group health, dental, vision, life, deferred compensation and Section 125 flexible benefit plans.
2. The County retains full authority to change the plan of benefits described in this policy, to self-insure all or any portion of said benefits, and to select the insurance carrier or claims administrator.

THE COUNTY AUDITOR'S SIGNATURE CERTIFIES
THAT THIS RESOLUTION HAS BEEN FORMALLY
APPROVED BY THE BOARD OF SUPERVISORS ON

DATE

SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

March 28, 2013

APPROVING MODIFICATIONS TO HUMAN RESOURCES POLICY P

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That Human Resources Policy P “Insurance and Deferred Compensation” is hereby modified to add language to comply with the Affordable Care Act, update Healthy Lifestyles language and eliminate the deferred compensation waiting period for non-union employees.

Section 2. This resolution shall take effect immediately.