CITY OF GRAND PRAIRIE
HUMAN RESOURCES POLICIES AND PROCEDURES

Section C: **BENEFITS**
No. 05 **Group Benefits, COBRA and Retirement**
Revised and Approved: **11/04/2025**

1.0 Purpose:

1.1 The purpose of this policy is to provide guidelines for employee, retiree and/or COBRA participation in the city's Group Benefits as eligible.

2.0 Scope:

2.1 All full-time employees are eligible for group health benefits.

2.2 Employees under the age of 65 at the time of retirement are eligible to elect retiree benefits upon retirement as defined herein.

2.3 Grandfathered retirees over the age of 65 are eligible for certain benefits as defined herein.

2.4 Employees who were benefit-eligible and separate from the city are eligible for COBRA benefits as provided by federal law and city policy.

3.0 General Information:

3.1 The City of Grand Prairie offers competitive benefits annually, including but not limited to group medical, dental, vision, life insurance, long-term disability and other insurance plans which may be subject to approval by the City Manager and/or the City Council.

3.2 Plans offered, benefits within those plans, rules, rates, and structures for all city offered benefits are subject to change at any time during the year or in the future as deemed necessary by the city and/or to comply with federal mandates, law and/or budget restrictions.

3.3 Specific plans, coverage, exclusions, and other details of each type of insurance is contained in the specific plan document and is available through the city’s intranet site or upon request to Human Resources.

3.4 All medical, dental, vision, flexible spending accounts, dependent care accounts and Health Savings Account elections for active employees are deducted solely on a pretax basis. Life insurance and voluntary plans (such as cancer policies, accident policies or other such voluntary benefits) implemented are typically on an after-tax basis.

4.0 General Guidelines: Employees have the right to waive city insurance coverage if they have benefits/insurance coverage elsewhere prior to waiving coverage. The city does not accept liability for any employee who waives coverage without being insured elsewhere and/or subsequently has medical issues arise.

4.1 Benefit elections must be made by deadlines communicated through Human Resources or on benefit materials publicized. This deadline is typically 30 days after the employee’s start date.

a. If an employee misses any enrollment deadline, their medical coverage will be waived. The employee will not be allowed to change their elections until the next open enrollment period or if they experience a qualifying event during the plan year.

1) **NEWHIRES**: For new hires, medical, dental, vision, employee life options, dependent life options and spending accounts coverage will be automatically waived if no election is made during the new hire enrollment period.
2) **REHIRES**: Employees who terminate and are re-employed within thirty days, will default to the same coverage held previously in that year, with the exception of Flexible Spending Accounts which will be waived. Employees who terminate and are rehired after 30 days, will follow new hire coverage rules and be granted new elections.
3) **ANNUAL ENROLLMENT**: Employees with existing coverage who do not make elections for the new plan year by annual enrollment deadlines, will default to the same plan, or a similar plan (if the original plan is discontinued), and coverage levels for the new plan year for all coverages EXCEPT for the Flexible Spending Account (FSA) or Dependent Care Account, which will be waived. The employee is responsible for paying any premiums associated with the default plans for that plan year or until a qualifying event occurs that allows applicable and allowable modifications to elections. Once the plan year has begun, no changes are allowed as compliant with federal law except those which are considered under a qualifying family status change (see Section 5.2 herein).

b. Flexible Spending Accounts (Health Care Account or Dependent Care Account) must be re-elected annually during enrollment as required by federal law. **<u>They will not roll-over or renew</u>**. If an election is not made at enrollment, the election is defaulted to being waived.

c. Health Savings Accounts must be re-elected annually during enrollment as required by federal law if the employee would like the city's contribution, if any. **The account and it's balance will rollover and renew automatically until the account holder decides to close the account.** The employee may choose to keep the Health Savings Account although it was not elected at annual enrollment, but the employee is responsible for all contributions made to the account. Employees may be responsible for any maintenance fees charged for such accounts.

5.0 Dependent Eligibility and Definitions

5.1 Eligible dependents under the city's insurance benefits:

a. Legal spouse (common law and/or fiancé are ineligible).

b. Married or unmarried natural, step or adopted child of the employee, regardless of student status, up to age twenty-six.

c. A sponsored child of the employee means they have court-appointed care and custody of a child and are claiming the child on their federal taxes as a dependent. Legal documents do not include notarized statements by an attorney. Documents may be reviewed by the city's legal department as determined necessary to confirm eligibility of a dependent in accordance with the plan and law.

d. Certain limited exceptions exist to covering children over the age of 26 if they meet certain plan requirements and are unable to care for themselves due to mental or physical disability. The carrier will review employee documentation for these limited cases and determine eligibility.

e. Parent or parent in-laws are not eligible dependents of the city's group insurance plans.

f. Upon attainment of maximum age, unmarried dependent children will be automatically dropped from coverage at the end of the month in which the child(ren) turn(s) the maximum age.

g. Deductions will be adjusted to reflect the change, if applicable, on the next pay period following the date of change.

5.2 Dependents may be added or dropped from an employee's existing plan during the year due to a qualifying family status change, as defined by IRS Code, if:

a. The new election resultant from the status change is consistent with the reason for the change,

b. The election is made within the allowed timeframe, and

c. Proof that the change occurred is submitted and supports the reason for the change (i.e. a marriage license, divorce decree, birth certificate, death certificate, etc.)

d. A family status change is defined by IRS code and includes:

1) Birth, adoption, placement of a child in the home
2) Divorce (separation is not included)
3) Death
4) Marriage
5) Spouse’s loss or gain of coverage due to employment
6) Gain or loss of dependent child eligibility

e. Coverage and deductions related to family status changes are effective retroactive to the event date. Human Resources will take adjustments due on the next payroll cycle from the date notified of the change.

5.3 Employees who have elected to opt-out may opt back into and select a plan if they lose coverage through the other carrier, so long as the change is requested within the 30-day window from the date coverage was lost, and they provide proof of the loss of coverage from the prior carrier or employer.

5.4 In the event that a dependent becomes ineligible for coverage, and the employee does not notify Human Resources until after the 30-day window, the dependent must be dropped due to ineligibility under the plans retro to the effective date; however, premiums will only be refunded back sixty days. Employees are responsible for payment of claims incurred after the ineligibility date.

5.5 Employees in a no-pay status shall be affected as follows relating to benefits:

a. Employees who are actively on FMLA and enter a no-pay status shall have the option of continuing benefits in effect or dropping coverage or dependents. They are not allowed to change plans. If benefits are continued, they must pay their portion of premiums due to the city.

b. Employees, who are in a no-pay status and exhausted FMLA, but remain unable to return to work shall be required to pay their portion of benefits for the period of no-pay unless the time period is short.

c. Employees on military leave in a no-pay status are only responsible for the portion they would normally pay. They are not required to pay the city’s portion.

d. Employees who are in a no-pay status for reasons other than a), b) or c) above for a period of 90 days or less shall be responsible for their portion of premiums due which may be paid monthly in Human Resources.

1) Upon return to a paid status, the city shall back-deduct any portion of unpaid premiums due until there is no remaining balance from the portion of unpaid leave. Back deductions may be done over a period of time not to exceed 90 days. These back deductions are in addition to any current deductions due.
2) Once leave extends beyond 90 days, the employee is responsible for full premiums to include both the employee and city's portion beginning on the 91st day forward. Premiums are due to Human Resources, payable to the City of Grand Prairie. The employee must bring the 1st 90 days current before benefits will continue.
3) Payments more than 30 days delinquent will result in coverage cancellation until the return to a paid status.

5.6 Group medical, dental, and vision insurance coverage ends on the last day of the month in which the employee terminates. Deductions, as appropriate, will be taken from the employee's final check equal to any portion due for the month's coverage.

5.7 All Life Insurance elections and Long Term Disability coverage end on the date of termination.

6.0 COBRA Coverage

6.1 Employees are provided an initial notice of their rights to continue coverage under COBRA within 14 days of their hire date. A copy of the notice will be mailed to the employee's spouse, if applicable.

6.2 Certain events may trigger eligibility to elect and continue coverage under COBRA. Should a qualifying event occur, the employee (and/or eligible dependent) will be notified by mail of their eligibility, rights, rules and rates to continue COBRA coverage through the City of Grand Prairie.

6.3 COBRA premiums will be established annually or more often if deemed necessary by the city. Premiums are equal to 102% of the total accrual rate by plan.

6.4 Additional COBRA information, to include vendor contact information, is available upon request and on the city's internal website.

7.0 Retiree Benefits

7.1 Employees eligible for retirement through TMRS may continue coverage on the city's medical, dental, and vision insurance plans as a retiree, post-employment, as long as they meet the following criteria:

a. They are employed by the City of Grand Prairie on a full-time basis;
b. They are under age 65; and
c. They are currently covered on the city's plan that they choose to continue (medical, dental and/or vision) prior to retirement from the city. As of 7/1/23, they do NOT need to actually retire from TMRS to be eligible for retiree insurance.

7.2 Retirees must pay premiums by the monthly due date, and within a 30-day grace period, to continue coverage through the city. Late payments beyond the 30-day grace period will result in termination of benefits. Retiree benefits more than 60-days past due will be terminated for non-payment with no reinstatement.

7.3 Employees who are over the age of 65 at the time of retirement:

a. for purposes of medical coverage, and who have a spouse under the age of 65 covered on their plan for the required 2-year period prior to retirement, ***may continue*** coverage for their spouse on the city's plan into retirement. In this case, the spouse becomes the retiree and all coverage (medical, dental and vision) will continue under the spouse's name, as applicable, with the original employee as a dependent of the spouse (on dental and vision as applicable).

b. A retiree may not continue "Child only" medical coverage into retirement (where no retiree is covered due to ineligibility). They would be eligible to continue on dental and/or vision if the retiree also remains covered. The children would be eligible under provisions of COBRA for medical or may choose to consider "The Market Place" via www.healthcare.gov offered through the federal government for benefit coverage options.

c. The only exception is if a child is allowed to be covered as a "retiree" due to a line of duty death applicable under provisions of Local Government Code 615. Human Resources will work with the department and Legal team to determine qualifications based on that unique circumstance.

7.4 Employees who are eligible to retire from TMRS, but do not meet the criteria above may continue eligible benefits through COBRA for the timeframes allowed by law.

a. If an employee is covered through COBRA through the City of Grand Prairie at the time of separation from the city and later decides to retire through TMRS, may NOT then subsequently convert to retiree insurance. Elections for retiree insurance must have been made at the time of separation from the city and qualify under applicable rules.

7.5 Retiree rates, rules, plans and structure are determined annually and subject to change at any time. The city does not guarantee or imply any future benefit based on current plans, policies, rates or structures.

a. Years of service granted for retiree structures are based upon the number of years the employee was a regular, full-time employee at the City of Grand Prairie.

b. Years of Service granted for retiree structures for Director's, Deputy City Manager and City Manager are based upon their total years in TMRS.

c. Part-time, seasonal or full time worked for another agency, even if acquired by the city, does not count toward the years of service for purposes or retiree benefit premium calculations since they were not benefit eligible through the city for those prior periods.

d. Retiree rates are published annually on the City's intranet site.

7.6 Medical coverage for retiree benefits extends only to age 65.

a. Once a retiree reaches age 65, they will be dropped from medical coverage at the beginning of the month in which they turn 65.

b. If a spouse is currently covered on retiree benefits (as a dependent of the retiree or a retiree themselves), the spouse may continue coverage until he/she reaches age 65. Premiums will adjust to reflect the appropriate rate in effect at the time for that plan and new coverage level. Spouses continuing coverage may not change plans until annual enrollment as applicable to all other employees.

7.7 If the retiree cancels any or all insurance plan, dependent or coverage at any time during retirement, they may not reinstate that plan, benefit, coverage or dependent again with the city in the future for any reason.

7.8 New dependents gained during retirement (due to marriage or birth) may not be added to the city's plan since they were not eligible at the time of retirement.
   a. Retirees may elect, at the time of retirement, to drop down to a more affordable plan, but may NOT move to a higher-benefited plan. The election made will remain until the end of the plan year. At enrollment, they may move to any eligible plan.

7.9 Employees who wish to cover dependents on retiree insurance must have the dependent covered on their city plan for two full years prior to retirement. (For instance, to cover a spouse effective 1/1/21 for retirement, the spouse must have been covered on the employee's plan continuously since 1/1/19.)
   a. An exception to this policy is if the employee who is retiring has a legal spouse who is also a City employee. The retiring employee does not need to have the spouse covered on their insurance, as long as the non-retiring spouse has been covered separately by the City's group health insurance for two years prior to being added to the retired employee's health insurance.
   b. Dependents who are on the employee's plan at the time of retirement, but do not meet that criteria for retirement eligibility above are eligible to be covered through COBRA at the applicable COBRA rate and guidelines allowed by city policy and federal law.

7.10 Employees who become disabled during employment with the City of Grand Prairie and who qualify for TMRS Occupational Retirement prior to their termination date are eligible to be covered as a retiree on the city's health plan as long as they meet the retirement eligibility criteria stated herein.
   a. Employees who become disabled and terminate from the city without qualifying for TMRS retirement, may not elect retiree benefits and remain eligible only for COBRA benefits.
   b. Employees who choose only to apply for Long-term disability and not TMRS will only be eligible for COBRA continuation benefits.

7.11 Surviving spouses of employees who die while they are still actively employed with the city and choose the retiree option to begin receiving a monthly payment immediately from TMRS are eligible to be covered as a retiree on the city's benefit plans as long as they meet the criteria for retirement indicated herein. The rate will be determined by the employee's years of Grand Prairie service at the time of death + 10 Years of Service "credit".

8.0 Appendices: None