
Employee Benefits Trust

Administrative Regulations for Participating Districts

These Administrative Regulations (“Regulations”) have been developed to communicate the rules and guidelines for the Employee Benefits Trust (“Trust”) for Districts who are participating members of the School Risk and Insurance Management Group health and welfare plans (“Participating Districts”). The School Risk and Insurance Management Group (SRIMG) facilitates the purchasing and support of health and welfare products (SRIMG Employee Benefits Program”) and manages the master contracts to provide its Participating Districts with benefit options in order to choose their health and welfare plans (“Employer Plans”) from the SRIMG Employee Benefits Program to be administered by Participating Districts and provided to their employees. The intent of these Regulations is to provide a framework of flexibility for use by each Participating District to administer its Employer Plans chosen to satisfy their respective collective bargaining relationships in order to address the specific needs and unique situations of its employees and their dependents.

One of the primary reasons for these Regulations is to reduce adverse selection against the SRIMG Employee Benefits Program. Adverse selection occurs when employees of Participating Districts’ Employer Plans are allowed to opt out of SRIMG Employee Benefits Program absent any qualifying event (see Paragraph 12, Special Enrollment). SRIMG does allow a Participating District employee to waive coverage under any of the Employer Plans subject to proof of alternative coverage. The goal, however, is to offer health and welfare program to Participating Districts that provide cost-efficient, comprehensive coverage that is better than what is available to Participating District employees in the marketplace in order to create a large insurance pool of plan participants. The purpose of an insurance pool is to spread the risk to all participants *over the long-term*. The larger the insurance pool, the greater the opportunity to spread risk and decrease costs. By charging each Participating District a premium for every full-time employee, whether the employee is enrolled in the Employer Plans in the SRIMG Employee Benefits Program or waiving coverage, SRIMG can guarantee that there will be a sufficient pool to meet all short-term and long-term needs.

1. Employee Groups

The term "Employee Group" in these Regulations is defined as follows:

- a. Any group defined under existing applicable collective bargaining law.
- b. The Board, the Superintendent, Management Employees, Confidential Employees, Charter School Employees, Classified Employees, Certificated Employees and Retirees may always be considered individual Employee Groups even in districts where there are no organized bargaining groups.
- c. Retired employees generally follow the Employee Group they would belong in if they were active employees. Participating Districts may, however, treat all retirees from all

Employee Groups as one group and offer a single benefit plan for all retirees (see Paragraph 4, Retirees).

2. Full-time Employees

The SRIMG Employee Benefits Program is available to full-time employees of Participating Districts. Each Participating District is responsible for the payment to SRIMG of a full medical, or medical, dental, and/or vision premium of the SRIMG Employee Benefits Program offered to the Participating District's Employee Groups for every full-time employee of the Participating District that is in a paid status. Participating District full-time employees may select medical coverage only or medical coverage with dental and/or vision coverage. They may not select dental or vision coverage or both without medical coverage. If the Participating District allows waivers and its employee waives benefits, the Participating District must waive the whole benefit package offered to its Employee Group. The premium paid will be no greater than the lowest-priced medical plan available to all Participating Districts for active employees unless otherwise approved by the governing Board.

"Full-time Employee" is defined as a person that works an 8 hour day for 9, 10, or 11 months for classified employees, a full annual contract for management employees, a full teaching load for certificated employees and Charter School employees, and a full bus schedule for bus drivers.

Full-time employees who initially elect not to participate in the SRIMG Employee Benefits Program may enroll during a subsequent open enrollment period or within 30 days following a Special Enrollment qualifying event. (See Paragraph 12, Special Enrollment.) However, once enrolled in the SRIMG Employee Benefits Program, no employee can opt out of the Employer Plans absent a Special Enrollment qualifying event or open enrollment period (except during a Board approved leave of absence) and later re-enroll without conditions (see "Break in Coverage").

If more than one family member is a full-time employee of a Participating District then each Participating District must pay the premium of the Employer Plans for the Participating District's Employee Group offered to each family member.

3. Part-time Employees

The SRIMG Employee Benefits Program is only available to part-time employees of Participating Districts who work a minimum of twenty hours per week. SRIMG has grandfathered-in all part-time employees of Participating Districts who had benefits under Employer Plans benefits as of June 30, 2003 and worked less than twenty hours per week. These Participating District employees kept their benefits under the Employer Plans subsequent to June 30, 2003. Classified Employees of Participating Districts who drop below twenty hours are no longer eligible as of July 1, 2003. Certificated employees of Participating Districts working less than 50% of a full-time contract are not eligible for benefits.

Eligible part-time employees of Participating Districts may elect not to participate in the SRIMG Employee Benefits Program and the Employer Plans.

Newly hired part-time employees have 30 days to enroll (from the date they become eligible) in the SRIMG Employee Benefits Program and Employer Plans. If part-time employees enroll, they

may select medical coverage only or medical coverage with dental and/or vision. They may not select dental or vision coverage or both without medical coverage.

Part-time employees who initially elect not to participate in the Employer Plans may enroll during a subsequent open enrollment period. However, once enrolled in the Employer Plans, no part-time employee can opt out of the Employer Plans and later re-enroll, unless a Special Enrollment qualifying event occurs (see Paragraph 12, Special Enrollment).

4. Retirees

Continued coverage for retired employees is at the option of each Participating District. Premiums may be paid by the retiree or the Participating District. Retirees and their covered spouses must secure Medicare Parts A & B if eligible. Effective July 1, 2011 retirees over 65 who terminate their Employer medical plan selected from the SRIMG Employee Benefits Program and also have Medicare coverage may re-enroll in an Employer medical plan during open enrollment within three (3) years of the initial coverage termination date. This re-enrollment option may be exercised one time only. The "Break in Coverage" regulations do not apply. Spouses and dependents of retirees can re-enroll in the Employer Plans during open enrollment. Retirees under age 65 who discontinue coverage cannot re-enroll in any Employer Plans (medical, dental or vision) from the SRIMG Employee Benefits Program even during open enrollment.

Retirees may select medical coverage only or all offered benefits. If allowed by their Participating District, retirees may select dental or vision coverage (or both) without medical coverage. However, if the dental or vision coverage is terminated by the retiree, the retiree cannot re-enroll later, even during open enrollment. Retirees are not eligible for SRIMG sponsored group life insurance coverage.

5. Board Members

Coverage for Board Members is at the option of each Participating District.

New Board Members have 30 days to elect coverage.

Board Members who initially elect not to participate may enroll during a subsequent open enrollment period. However, once enrolled in the SRIMG Employee Benefits Program and the Employer Plans, no Board Member can opt out of the Employer Plans and later re-enroll without conditions (see Paragraph 6, Break in Coverage).

Board Members may select medical coverage only or medical coverage with dental and/or vision. The same rules will apply to Board Members as all other SRIMG Participating Districts, except that Board members are not eligible for group life insurance coverage offered in the SRIMG Employee Benefits Program.

Non-active Board Members (former Board Members) are considered retirees and are subject to retiree pricing. All the rules applicable to retirees apply to non-active Board Members.

6. Break in Coverage

A break in coverage occurs whenever an employee or the employee's dependents elect to drop coverage for any length of time either during open enrollment or due to a Special Enrollment qualifying event. (See Paragraph 12, Special Enrollment.)

After a break in coverage, an employee or the employee's dependents may only re-enroll during open enrollment period.

There are three exceptions:

- 1) An employee (and the qualified dependents of an employee) who is a member of any military reserve unit or national guard unit that is activated (and who is granted a leave of absence from his/her district) may resume coverage under all SRIMG Plans **providing that:** a) the employee and dependent(s) are covered by the Government during the leave and b) the employee returns to work for his/her district within thirty days after release from active duty.
- 2) An employee (and the qualified dependents of an employee) on an approved leave of absence from a district may be reinstated within 30 days after the leave. Dental Coverage Option incentive level will remain the same as prior to district-approved leave.
- 3) A Special Enrollment qualifying event occurs (see Paragraph 12, Special Enrollment).

7. Tiered Rates

Effective July 1, 2003, SRIMG will offer a four-tier rating system (employee; employee + spouse; employee + child(ren); and employee + family). This tiered rating system will be used for active members as well as retirees.

Participating Districts will have the option to offer composite rates for medical premiums for active employees. The Participating Districts will keep the system internally. SRIMG will bill on a tiered rate system for active employees. The Participating District will do all the accounting for the composite rating system.

8. Group Life Insurance Option

SRIMG has made available group life insurance to active employees of Participating Districts. Employee Groups can enroll in the Group Life Insurance Option Participating Districts must select a "flat" rate benefit (i.e. \$40,000; \$50,000 etc.). The option selected must apply for active employees in an Employee Group (see Paragraph 1, Employee Groups). Premiums **must be paid by the Participating District** based on the collective bargaining groups. However, SRIMG will collect the total premiums from the applicable Participating Districts. Active Board members are not eligible for group life insurance.

9. Dental Coverage Options

Currently, most Participating Districts in SRIMG Employee Benefits Program offer composite rates for the Dental Coverage Options. Tiered rates for Dental Coverage Options were available only for Participating Districts that offered "employee only" coverage when they were grandfathered into the SRIMG Employee Benefits Program in 1981. Effective July 1, 2000,

collective bargaining groups within the Participating Districts may elect tiered rates for the Dental Coverage Options.

Participating District employees with tiered Dental Coverage Options can purchase additional dependent dental coverage to add dependents within 30 days after a qualifying event or during open enrollment (See Paragraph 12, Special Enrollment).

If a Participating District or a Participating District Employee Group choose to opt out of the SRIMG Dental Coverage Options, employees of the Participating District or the Employee Group of the Participating District may not continue dental coverage.

10. Vision Coverage Options

Participating Districts with "Employee Only" Vision coverage may not allow employees to pay additional premium for family coverage directly to SRIMG. The Vision Coverage Option selected must apply to all employees of Participating Districts' Employee Groups.

If a Participating District or an Employee Group of a Participating District choose to opt out of the SRIMG Vision Coverage Option, the employees of the Participating District or the Employee Group of the Participating District may not continue vision coverage.

11. Open Enrollment

Each Participating District may select a one-month period for open enrollment that shall be within 60 days prior to July 1st for all employees and for all Employer Plans in the SRIMG Employee Benefits Program. The effective date for changes to Employer Plans in the SRIMG Employee Benefits Program shall be July 1st.

Participating Districts that negotiate a change in its employee contributions or benefits during the year may arrange for a "Bargaining" open enrollment period for thirty days at the time of the change, subject to the approval of any involved Employer Plans in the SRIMG Employee Benefits Program. Movement during a "Bargaining" open enrollment may only be into the Participating District's newly offered Employer Plans. Employees may not move into any prior existing Participating District Employer Plan unless bargaining has an effect on Participating District's paid contributions.

12. Special Enrollment

All eligible full-time and part-time employees and their dependents of a Participating District who have benefits coverage under the SRIMG Employee Benefits Program which includes part-time employees who are grandfathered into the SRIMG Employee Benefits Program and eligible full-time and part-time employees, who elect to sign a waiver not to participate in their Participating District negotiated SRIMG Employer Plan options, and have a loss of coverage due to one of the qualifying events listed below, may make a Special Enrollment election to add or remove SRIMG Employer Plans' coverage during a Special Enrollment period. Enrollment must be submitted within 30 days after the Qualifying Events are:

- **Change in the number of employee dependents, including birth or adoption of a child or putting a child up for adoption;**

- **Change in marital status of an employee, including divorce and death of a spouse;**
- **Changes in the cost of a dependent's care or coverage. For example, a significant increase in day care costs for an employee's dependent;**
- **Change in employment status of an employee, their spouse or their dependent;**
- **Change in employee hours worked to less than 30 hours per week;**
- **Change in dependent eligibility (e.g., loss of student status or age limit reached);**
- **Significant change in cost of coverage;**
- **Adoption of improvements of coverage;**
- **Change of residence;**
- **Significant reduction of coverage;**
- **Medicare or Medicaid eligibility of an employee, spouse; and**
- **Change due to other laws (COBRA, HIPAA, FMLA, or others).**

13. Eligibility

Participating Districts may set eligibility standards for Board Members, employees, dependents and retirees that do not conflict with these Regulations. Coverage cannot be extended to non-employees. Individuals must meet the IRS definition of an employee and must be on the Participating District payroll. Individuals cannot be on a contract for services that is not paid through the normal Participating District payroll.

Unless defined otherwise: employees are eligible for coverage on the first of the month following employment. Eligibility usually ends on the last day of the month following termination of employment. Employees are generally eligible if they work twenty hours a week or more. Children may continue to be covered until the end of the month in which their 26th birthday occurs.

Eligibility practices of a Participating District must conform to the specific language in the SRIMG Employer Plans of the Participating District. Changes in eligibility must be requested in writing to SRIMG prior to implementation.

14. Termination of Employment

When an employee terminates employment with the Participating District **for any reason**, the Participating District must send a termination form to the SRIMG office. Once received, SRIMG will notify the COBRA Administrator to send the COBRA notification to the member's address on file. It is the Participating District's responsibility to offer Group Life Conversion rights to the terminated employee if applicable.

15. Cafeteria Plans

Participating Districts may offer a variety of "cafeteria plans" or Section 125 plans to its employees. Employees *may not*, however, be given the option of opting out of their Employer Plans (medical, dental or vision) in the SRIMG Employee Benefits Program in exchange for cash or other benefits. However, employees under Cafeteria plans can take the difference between the Participating District's cap of subsidized premiums provided to employees and the employees' premium cost of

the Employer Plans in the SRIMG Employee Benefits Program for benefits coverage and apply the excess funds to TSA's or other benefits.

Cafeteria plans may be used to provide a selection of other non-SRIMG Employee Benefits Program benefits or to provide an option to allow employees to pay for premiums or other benefits on a pre-tax basis.

16. Participating District Policies and Practices

Policies and practices of Participating Districts may not allow adverse selection. For example: cafeteria plans cannot allow employees to opt out of benefits in favor of a TSA. Employees may not opt out during summer and return in the fall.

17. Penalties

It is understood that past practices in some Participating Districts have created existing exceptions to these regulations. It is also understood that unusual situations (outside of normal policies or practices) may occur which force a Participating District into violating these regulations for a small group of employees (lawsuits, grievances or layoffs may create this kind of situation). If the sum total of these exceptions (by SRIMG Employer Plan) exceeds 5% of the value of contributions from eligible employees of a Participating District, then the Participating District will be in a penalty situation.

These small percentages may be difficult to apply to Participating Districts with less than 20 employees. These small Participating Districts may request an exception to these percentage levels. The Executive Committee will consider each request on case-by-case basis.

If a Participating District is in a penalty situation, the Participating District will be assessed an amount which, when added to the Participating District's current contributions, will bring the Participating District's total contributions up to the amount that equals 95% of contributions from eligible employees of the Participating District. In other words, a Participating District's total contribution for a SRIMG Plan cannot drop below the amount that equals 95% of contributions from eligible employees of a Participating District regardless of the number of eligible employees actually enrolled in the Employer Plans in the SRIMG Employee Benefits Program.

For existing Employee Groups who have taken action independent of their Participating

18. Negotiations

Participating Districts contract with SRIMG for specific SRIMG Employee Benefits Program benefits but Participating Districts negotiate with Employee Groups for Employer Plan benefit levels. Participating Districts need to be cautious that the language in a collective bargaining contract does not grant benefits that are not provided or allowed under the Participating District/SRIMG agreement.

Examples of Things to Avoid:

- a. Cafeteria plans sometimes contain provisions that allow employees to opt out of medical plans for cash, TSA's or other benefits. This is not allowed under these Regulations. However, employees under Cafeteria plans can take the difference between the

Participating District's cap and the cost of the benefits coverage in cash or apply the funds to TSA's or other benefits.

- b. Benefits under SRIMG Employee Benefits Program do not vest to employees or retirees. SRIMG Employee Benefits Program provisions are guaranteed only for the plan year (July through June). SRIMG policy is to not make changes to the existing SRIMG Employee Benefits Program that reduce benefits but SRIMG legally reserves the right to do so on a year-by-year basis with the approval of the Joint Powers Board (on which every Participating District is represented).
- c. Administrators for the SRIMG Employee Benefits Program may change from time to time. Specific references to providers should be avoided in bargaining contracts because they may create a situation where the Participating District cannot honor contract provisions because of a SRIMG initiated change.
- d. Participating Districts cannot offer competing medical, dental or vision plans. Only SRIMG Employee Benefits Program benefits may be offered.

19. Waiver

Collective Bargaining Groups within Participating Districts in SRIMG Employer Plans cannot offer competing medical, dental or vision plans. Only SRIMG Plans may be offered.

Full-time employees of Participating Districts may waive benefits, provided they can prove that they have group insurance through another source. They must waive the entire SRIMG Plans benefit package offered to their Employee Group. In addition, they cannot receive cash or other benefits in lieu of employee benefits.

These waiver provisions do not relieve the Participating District's financial responsibility to SRIMG of a full waiver premium for all full-time employees (see Paragraph 2, Full-time Employees).

20. Movement Between SRIMG Employer Plans

Participating Districts may offer multiple SRIMG Employee Benefit Program medical plans to its employees within the same collective bargaining unit. Only one traditional Kaiser Plan in addition to the Kaiser High Deductible plan may be offered to employees within a collective bargaining unit. Employees may only change their Employer Plans during a SRIMG approved open enrollment or Special Enrollment period (see Paragraph 12, Special Enrollment). Employee Groups may not offer multiple selections within Dental Coverage and Vision Coverage Options. All covered employees must follow the "Employee Group" selection.

21. Withdrawal

An Employee Group may not take action independent of its Participating District to withdraw from the SRIMG Employee Benefits Program and Employer Plans (medical, dental or vision plans or any combination thereof). For employee groups who previously have taken action independent of its Participating District to withdraw from the SRIMG Employee Benefits Program will no longer be able to take such independent action, effective _____(date). Any request to withdraw must be made through written notification to SRIMG by forwarding a copy of a resolution

declaring the Participating District's intent to withdraw from the SRIMG Employee Benefits Program which has been passed by the Participating District's governing School Board by December 31st for the following July 1st. Withdrawal notification must be in full compliance with SRIMG Policy #3060 Withdrawal By a Member-Employee Benefits Trust. Participating Districts may have a financial liability upon withdrawal (see SRIMG Policy #3060 on Withdrawal).

22. Survivor Benefit

A survivor benefit is available in all the SRIMG Employee Benefits Program benefits. The surviving spouse who is enrolled under the Employer Plans in the SRIMG Employee Benefits Program as spouse of an employee or retiree of a Participating District, may, upon the death of the employee or retiree, remain enrolled as a member eligible for coverage under the terms of the SRIMG Plans. Once eligible for survivor benefits, the eligible party has the right to move within the Participating District's available retiree Employee Group options.

However, the surviving spouse may not add a new spouse or any acquired dependents to the SRIMG Plans. For example, if the surviving spouse remarries, their new husband/wife and his/her children may not be added to the surviving spouse's SRIMG Plans.

Survivor benefits will fall under the retiree rate structure.

23. Approved Leave of Absence

If a Participating District allows it, employees may continue their health benefits while on an approved leave of absence. The employee will remit the premiums or portion thereof due to the Participating District. If an employee on leave terminates employee coverage under the Employer Plans, the employee cannot re-enroll even during open enrollment. An employee returning to work following a leave of absence may re-enroll in the Employer Plans in the SRIMG Employee Benefits Program within 30 days. Dental Coverage Option incentive level will remain the same as prior to a Participating District's approved leave. Note: Life insurance may be continued for up to 12 months while on leave.