



CHESTERFIELD COUNTY ADMINISTRATIVE POLICIES AND PROCEDURES

Department: Human Resources
Subject: Retiree Benefits

Policy Number: 6-10
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I. INTRODUCTION

This administrative procedure establishes policies and procedures governing health insurance, dental insurance and deferred compensation for retirees of Chesterfield County and their dependents. The county reserves the right to modify or eliminate retiree benefits at any time.

II. DEFINITIONS

- A. **Break in Service** – A break in service occurs when an employee is no longer employed full time by the county. Breaks in service:
1. **Prior to July 1, 2006:** Retirees who had a break in service prior to July 1, 2006, while they were employed with the county, will receive credit for all county and school service before and after the break, regardless of the length of the break. Employees are responsible for providing documentation of any service prior to a break and of any service with Chesterfield County Public Schools (CCPS).
 2. **Ending after July 1, 2006:** If the break in service is less than five years, all service counts toward the 15-year requirement for eligibility to purchase retiree health benefits at the group rate with no county contribution. If the break in service is greater than five years, employees will not receive credit for service prior to the break.
 3. Retirees who return to work in a VRS covered position for the county retain at least whatever healthcare and dental rights for which they were previously eligible.
- B. **Continuation Coverage (COBRA)** – A temporary extension of insurance coverage at group rates in certain instances when coverage under the plan would otherwise end. See Section VI.
- C. **Dependent** – A retiree's spouse or eligible child.
- D. **Disability Retirement** – VRS approved disability retirement for Plan 1 and Plan 2 members, and Hybrid members approved for Hybrid long-term disability.
- E. **Plan Year** – The period January 1 through December 31 unless otherwise stated.
- F. **Premium** – The total cost of health/dental coverage, consisting of the county contribution (if applicable) and the retiree contribution. The county reserves the right to adjust its contributions consistent with the county's benefits strategy.
- G. **Qualifying Family Status Change** – A qualifying family status change is defined as one of the following events by the Internal Revenue Service:
1. Marriage or divorce;
 2. Death of spouse or child;
 3. Birth or adoption of child;
 4. Last eligible child no longer qualifies as dependent;
 5. Loss or gain of spouse's employment; and
 6. Change in employment status for retiree or spouse.
- H. **Retiree** – A full-time employee who retires directly from the county and immediately begins to collect a retirement benefit from VRS. This includes disability retirees whose retirement is approved retroactive to their separation date.

- I. **Retirement Types** – Types of retirement include service and disability.
- J. **Surviving Spouse/Dependent** – The spouse/dependent of a county retiree covered by the retiree’s health benefits at the time of the retiree’s death.
- K. **VRS** – Virginia Retirement System.

III. ELIGIBILITY/CONTRIBUTIONS

A. Pre-65 Retirees

- 1. **Grandfathered Benefit:** Employees with a combination of age and full-time county service equal to or exceeding 60 years as of July 1, 2007, including at least 10 years of service will be grandfathered. The county contribution for health and dental coverage will be based on full years of service at retirement according to the chart below.

Years of Service at Retirement	Benefit
10 - 14	50 percent of the county contribution active employees receive.
15 +	Same county contribution as an active employee.

Months are included in the calculation to determine if an employee is grandfathered. The month the employee is hired and the month of their birthday are included in the grandfather calculation, regardless of when the birthday or first day of work falls. However, months are not included when determining what service tier a retiree is in.

- 2. **Capped Benefit:** Non-grandfathered employees who were hired before July 1, 2006, will receive a contribution toward retiree health benefits at age 55 or more with at least 15 years of service. The county contribution for health and dental coverage will be based on years of service at retirement according to the chart below.

Level of Contribution	Years of Service at Retirement
Tier 1	15 – 19
Tier 2	20 – 24
Tier 3	25+

County contributions are reviewed on an annual basis when employee deductions are calculated. For current county contributions, contact HR. The county contribution will increase up to three percent per year based on inflation but may never exceed what an active employee receives. Retirees who receive the Capped Benefit receive the same county contribution as an active employee toward their dental coverage.

- 3. **Access Benefit:** Employees hired before July 1, 2006, with at least five years but less than 15 years of full-time county service, will be permitted to purchase retiree insurance benefits for themselves and their dependents at the county’s group rate; however, they will not receive a county contribution toward the cost. Employees hired on or after July 1, 2006 (to include rehires or reinstatements after an absence of more than 30 days) who retire at age 55 or older, must have 15 or more years of full-time county service in order to be eligible for the Access Benefit.
- 4. **Pre-55 Retirees:** Employees retiring before age 55 with full VRS benefits (based on Chesterfield service only, including CCPS service as referenced under Section II.A.1) will be eligible for the Access Benefit from the time of retirement until the end of the month in which

they turn age 55. The first of the month following their 55th birthday, they become eligible for the Tier 3 Capped county contribution. It is the retiree's responsibility to contact HR three months prior to their 55th birthday to request the applicable paperwork.

5. **Disability:** Disability retirees will receive, at minimum, the Access Benefit.
6. **No Benefit:** Employees hired on or after July 1, 2006 (to include rehires or reinstatements after an absence of more than 30 days) who retire with less than 15 years of county service or before age 55, receive no retiree insurance benefits, unless they qualify for disability retirement.

B. Post-65 Retirees

Employees who were eligible for a county contribution toward their Pre-65 retiree insurance, or were hired prior to July 1, 2006, and are retiring at age 65 or older with at least 15 years of full-time county service, are eligible for Post-65 retiree insurance. Grandfathered retirees identified in III.A.1. and Capped retirees identified in III.A.2. are eligible to receive county contributions to retiree insurance coverage at age 65 as described below:

1. **Grandfathered Benefit:** Employees who retired or met either of the criteria below as of January 1, 2009, will be grandfathered:
 - Were age 65 or greater, subject to existing service requirements for retiree insurance eligibility.
 - Had at least 30 years of full-time county service; 25 years of full-time county service for LEOs employees.

The county contribution toward retiree Medicare Secondary Plans increases a maximum of three percent annually based on the premium increase of the Medicare Secondary Plan offered through the county.

2. **\$4 Per Year of Service Benefit:** Employees eligible for a Post-65 benefit who do not meet the criteria for the Post-65 Grandfathered Benefit are eligible to receive a monthly county contribution toward their Medicare Secondary Plan in the amount of \$4 per year of full-time county service at retirement.
3. Retirees who are eligible for county contribution toward retiree insurance coverage will receive the same county contribution as an active employee toward their dental coverage.
4. Eligible retirees who enroll in Medicare Part D are eligible for a reimbursement of up to \$40 per month, based on the cost of their plan, toward a Medicare Part D plan premium. Reimbursements are paid in the month following the end of each quarter (April, July, October, and January). Retirees are not eligible for this reimbursement while a dependent under age 65 is enrolled in retiree health insurance.
5. Retirees who are eligible for the Access Benefits identified in III.A.3 will no longer be eligible for retiree insurance benefits.

IV. COVERAGE

- A. **Process** – Upon proper notification of an employee's intent to retire from the county, HR will provide all applicable paperwork and will coordinate processing with appropriate vendors and Payroll. Retirees are responsible for payment to the county of retiree insurance premiums either by deduction from their monthly VRS retirement benefit payment (if applicable) or direct payment to the county. Payroll will determine if retiree insurance premiums can be deducted from a retiree's monthly VRS retirement benefit payment. In circumstances where insurance payments cannot be

paid through VRS benefit payment, retirees will receive a monthly invoice from the county. Invoices may be paid by either sending proper payment to the Treasurer of Chesterfield County by the invoice due date each month, or by establishing a monthly automatic draft through a personal bank account. If a retiree fails to send proper payment within 30 days of the due date, the retiree will receive a certified letter from Payroll notifying them that payment is past due. Failure to pay within 60 days of the due date will result in termination of coverage. Payment inquiries are the responsibility of and should be directed to Payroll. Retirees are responsible for keeping Payroll and HR informed of a change in address or any other data changes that may affect their coverage(s).

- B. **Reimbursement** – Retirees who acquire health insurance other than what is offered by the county are eligible to receive a maximum of the “Retiree Only” level of county contribution as a reimbursement, based on the cost of their plan. Reimbursement may be received monthly, quarterly, semi-annually, or annually, and arrangements must be made through Payroll. Retirees who are enrolled in the Reimbursement program may enroll in one of the county retiree plans during any open enrollment period. Reimbursement for Medicare Part D will be processed as outlined in Section III.B.4. Reimbursement is not available for the following:
1. Failure to submit sufficient documentation to Payroll based on requested reimbursement arrangement.
 2. If the retiree’s health insurance has no monthly premium.
 3. If the retiree’s health insurance has been terminated pursuant to Section IV.F of this policy.
 4. Dental insurance.
 5. Dependent health or dental insurance coverage.
- C. **Residing Outside Service Area** – Retirees permanently residing outside plan service areas are not eligible to be covered by county sponsored health plans and, therefore, are required to obtain their own health plan coverage, if coverage is desired.
- D. **Opting Out** – Retirees who opt out of health insurance coverage at either their initial retirement date or any time after must remain enrolled in county sponsored dental insurance to maintain the ability to re-enroll in county sponsored health insurance at a later date; however, once a retiree opts-out of both health and dental insurance, they are ineligible to re-enroll in any county health or dental insurance in the future. Failure to meet the requirements for Reimbursement as outlined in IV.B above will result in a classification of opting out of health insurance coverage.
- E. **Surviving Spouse/Dependent** – Surviving spouses/dependents are eligible to continue the coverage they had at the time of the retiree’s death for six months after the retiree’s death or December 31, whichever is later. Once their coverage ends, they will be eligible for 36 months of COBRA. Surviving spouses/dependents may not add additional dependents to the plan who were not already covered at the time of the retiree’s death. Surviving spouses/dependents are responsible for paying the full cost of insurance with no county contribution.
- F. **New Retirees** – Upon proper notification of an employee’s intent to retire from the county, HR will provide all applicable enrollment forms and will coordinate the processing of those forms with appropriate vendors and Payroll.
- G. **Termination of Health and Dental Coverage** – Retirees and dependents, whose coverage terminates, are not eligible to re-enroll in any of the county sponsored plans, unless otherwise specified. Termination of coverage occurs at the earliest of the following events:
- Failure of the retiree to pay required insurance premiums;

- Completion of required county paperwork to terminate coverage;
- December 31 of the plan year in which an eligible dependent turns 26 (dependent coverage only);
- The retiree's coverage is terminated for cause as defined by the plan vendor;
- The plan is terminated by the county (in this case, the retiree may be able to enroll in another county sponsored plan);
- Any serious misconduct toward the county after the effective date of retirement; or
- The retiree dies (refer to IV.E above, if applicable).

H. **Ineligibility Due to Serious Misconduct** – Retirees who have engaged in serious misconduct shall not be eligible for retiree health and dental benefits. HR and the County Attorney's office will make a determination on what constitutes serious misconduct. The retiree will receive written notice from the HR department if determined ineligible for county sponsored health and dental plans.

V. CHANGES IN COVERAGE

Changes in coverage are limited to the following events:

- A. **Open Enrollment** – Each year, retirees participating in a county sponsored plan will be given the opportunity to change plans or coverage during an open enrollment period. Retirees enrolled in Medicare Secondary coverage are subject to Medicare's open enrollment period.
- B. **Qualifying Family Status Changes** – Changes in coverage may also be made at any time, provided a qualifying family status change as defined in Section II.G has occurred. Retirees are responsible for notifying HR of such changes within 30 days of the date of the family status change and providing appropriate documentation.
- C. **Medicare Eligibility** – Retirees (and spouses of retirees who have county coverage) must notify HR at least 90 days prior to their date of eligibility for Medicare to learn about eligibility for available retiree health insurance options.

VI. CONTINUATION OF BENEFITS (COBRA) FOR SPOUSE/DEPENDENT(S)

- A. Dependents who lose insurance coverage from the county for one of the following events have the right to continue coverage at their own expense for 36 months.
 1. Divorce.
 2. Dependent ceases to be a "dependent child" under the provisions of the plan or IRS Code.
 3. End of surviving spouse/dependent(s) coverage period, as described in Section IV.E.
- B. Retirees or spouse/dependent(s) are responsible for notifying HR of such changes within 30 days of the date of the event and providing appropriate documentation.

VII. DEFERRED COMPENSATION

Upon retirement, the retiree may be able to access funds in their 457 deferred compensation account. If at any time the retiree is rehired in a full-time or part-time capacity, they are not permitted to take distributions from the 457 plan until they separate service. The retiree may be eligible to continue working and also take a distribution in the year they turn age 70-1/2 (if their 70th birthday was before July 1, 2019) or age 72 (if their 70th birthday is July 1, 2019, or later) provided the retiree ceases all deferrals prior to the beginning of the distribution.