

City of Grand Junction
Retiree Health Benefit Program Terms
Regarding Eligible Retirements after 12/01/2020

Of even date with the Settlement Agreement and General Release November 13, 2020

The City of Grand Junction ("City") Retiree Health Benefit Program ("RHBP") is intended to assist eligible retired employees in obtaining health insurance coverage between retirement (age 55) and Medicare eligibility (age 65). The RHBP is offered as an optional health insurance benefit to eligible retired employees, spouses and dependents.

Effective November 1, 2017, the Retiree Health Plan was closed, and no future new hires were permitted to enroll in the payroll deductions/benefit.

The terms for participation in the RHBP are as follows:

1. To be eligible, an employee must meet the following requirements:
 - a. **Employment:** The employee must have been hired by the City before November 1, 2017.
 - b. **Election:** The employee must have affirmatively elected to participate in the RHBP and make contributions and/or otherwise commit in writing to payment of the value of the contributions. An employee's decision to not participate in the benefit is irrevocable.
 - c. **Coverage:** The employee, spouse, or dependents to be covered after retirement must have had coverage under one of the City's active employee health care plans for at least one year of employment immediately preceding retirement.
 - d. **Payroll or Other Contributions:** The employee must have paid required payroll and/or other payments or contributions to the RHBP for 15 or more years (years is defined from the date of hire or establishment of the program, whichever is later) with the City, through payroll deduction or as otherwise determined and agreed to by the City and the employee as provided herein, continuously during employment until utilization of the program;

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- i. An Employee that previously participated in the RHBP, but temporarily stopped contributing, may make a one-time election, on or before November 30, 2020, to re-enroll in the RHBP at which time he/she will be required to pay the value of all missed contribution years or arrange to pay on terms agreeable to the employee and the City, the value of contributions for all missed years ("Missed Contributions"). Payment in full of the value of all Missed Contributions must be made on or before the expiration of 36 months from the date of reenrollment in the RHBP.
- ii. An Employee that has not attained 15 years of contributions by December 1, 2020 may make a one-time election, on or before November 30, 2020, to pay the full value of all years' contributions in order to attain 15 years of contributions or arrange to pay on terms agreeable to the employee and the City, the value of contributions to attain 15 years. ("Catchup Contributions.") Payment in full of all Catchup Contributions must be made on or before the expiration of 36 months from the date of the payment election.
- iii. An Employee participating in the RHBP whom later drops coverage from one of the City's active employee health care plans, whether due to voluntary or involuntary separation of employment or for another reason(s) will forfeit any and all employee payroll contributions paid prior to the separation date, including Missed Contributions or Catchup Contributions and will not be eligible for the RHBP.
- iv. If retirement is due to disability, or a retiree is considered a disabled Retiree (as defined by the City Long Term Disability carrier or the Fire and Police Pension Association) the employee must have had at least five years of continuous employee payroll contributions to the RHBP prior to retirement.

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- e. **Retirement:** The employee must have retired due to disability or otherwise retired after attaining at least age 50 but must not have reached age 65 for Medicare eligibility (whichever comes first); however, an employee whose retirement is due to disability or a disabled Retiree (as defined by the City Long Term Disability carrier or the Fire and Police Pension Association) who is no longer able to continue employment with the City will be eligible for retiree health care coverage regardless of age up to age of Medicare eligibility. Participating disabled Retirees will move to "Schedule 1".
- f. **Waiver of COBRA:** The employee, spouse and dependents to be covered under the RHBP must waive COBRA continuation coverage under the active employee's health plan and select the RHBP as alternative coverage. If COBRA coverage is elected, any payroll deduction contributions or future benefits under the RHBP will be forfeited for that individual.
- g. **Elect Retiree Coverage:** The employee must select retiree health care coverage under the RHBP for him/herself, the spouse and any eligible dependents, at the time of retirement. If an employee does not elect retiree health care coverage under the RHBP at that time or continues to work beyond the age for Medicare eligibility, the employee will forfeit any employee payroll contributions made and any future benefit eligibility under the RHBP unless he/she has a younger spouse or dependent that is eligible for the program. The employee will remain eligible for COBRA.

A retiree covered under the RHBP who is re-employed by another employer, and who becomes eligible for health coverage under the new employer's plan, must notify the City and the third-party administrator of such coverage as soon as possible. Retiree coverage under the RHBP will become secondary to a new employer's health care plan coverage.

- h. **Pay Premiums:** The employee must upon retirement from the City timely pay the Retiree's portion of the health insurance premium, as more fully defined and described herein.

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Annual premium:
For the retiree's coverage:

- i. A Retiree age 50 – 54 shall pay 100% of the annual premium for the plan selected until attaining age 55. Beginning the first of the month following the Retiree attaining age 55, the Retiree will be responsible for whatever portion of the premium remains after the City pays its Dollar Portion as provided in Schedule 1 or 2 below dependent on years of contributions as of 12/01/2020.
- ii. The City will pay a capped premium, as provided in Schedule 1 and 2 below. "Schedule 1" provides premiums for those attaining 15 years of service on or before 12/01/2020 and "Schedule 2" provides premiums for those attaining 15 years of service thereafter.
- iii. **The capped premiums will be updated on an annual basis to reflect the prior year's capped premium increased at the lesser of 4% and the rate the actual renewal premiums increased to the City for the health care plans available to Retirees, but not less than zero. The City's dollar portion ("Dollar Portion") for the retiree premium is calculated based on the City's percentage portion of the individual premium after the 4% annual inflation limit is applied.**

The age 50 – 54 Retiree is responsible for 100% of the premium until age 55 at which time he/she and any other 55+ Retiree is responsible for whatever portion of the premium remains after the City pays its Dollar Portion.

- v. All Retirees will pay his/her portion of the premium on a monthly basis. The annual premium will be prorated for the months of coverage. Monthly premiums are due by the first day of the month for which the coverage applies.
- vi. Spouses and dependents of all Retirees who have met the eligibility requirements above are eligible for health insurance under the RHBP as long as they continue to meet the plan's eligibility requirements.

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a) If a spouse or dependent is covered in addition to a retiree, the premium will be based on the tier of coverage. The Retiree will be responsible for 100% of the additional premium for the additional (spouse and/or dependent) coverage.

b) If a spouse or dependent is covered under the RHBP separately (if retiree is no longer eligible), the spouse or dependent's premium will be 100% of the cost of the total insurance premium. The City's Dollar Portion applicable to the Retiree will not be paid for spouse or dependent coverage.

2. RHBP Premium Tables:

a) The City's percentage portion of the retiree health insurance premium, subject to the cap, for eligible retirees who are disabled or retirees who have met the 15 years of contributions as of 12/01/2020 is shown below (Schedule 1). To be eligible, employees must have 15 years of contributions as of 12/01/2020 or by paying the value of contribution years or arranging to pay on terms agreeable to the employee and the City, the value of contribution years totaling 15 years by 12/01/2020.

b) The City's Dollar Portion for retirees on this schedule is calculated based on the City's percentage portion of the individual premium after the 4% annual inflation limit is applied.

"Schedule 1"

Year	City's % Portion*	Year	City's % Portion*
2019	78%	2027	67%
2020	72.5%	2028	67%
2021	67%	2029	67%
2022	67%	2030	67%
2023	67%	2031	67%
2024	67%	2032	50%
2025	67%	2033	50%
2026	67%	2034 Forward	50%

*City's % Portion of the Capped Premium: The City will pay up to these percentages as annually calculated with application of the cap.

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c) City's percentage portion of the retiree health insurance premium, subject to the cap, for retirees reaching 15 years of contributions after 12/01/2020 are shown below (Schedule 2).

d) The City's Dollar Portion for the retiree is calculated based on the City's percentage portion of the individual premium after the 4% annual inflation limit is applied.

"Schedule 2"

Year	City's % Portion*	Year	City's % Portion*
2019	73%	2027	13%
2020	68%	2028	3%
2021	63%	2029	0%
2022	58%	2030	0%
2023	53%	2031	0%
2024	43%	2032	0%
2025	33%	2033	0%
2026	23%	2034 Forward	0%

*City's % Portion of the Capped Premium: The City will pay up to these percentages as annually calculated with application of the cap.

3. Termination of coverage:

a) A retiree's coverage will terminate on the earliest of:

- i. Age 65 (if retired for a reason other than disability) or Medicare eligibility
- ii. Death
- iii. Failure to timely pay premiums
- iv. Termination of the benefit plan or program

b) A spouse's coverage will terminate on the earliest of:

- i. Age 65 or Medicare eligibility
- ii. Death
- iii. Failure to timely pay premiums

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- iv. Divorce or legal separation from the Retiree
 - v. Termination of the benefit plan or program
- c) A dependent's coverage will terminate on the earliest of:
 - i. Medicare eligibility
 - ii. Death
 - iii. Failure to timely pay premiums
 - iv. Age limitations of the health care policy or applicable State or Federal law
 - v. Termination of the benefit plan or program

THIS SHEET DESCRIBES THE CURRENT TERMS OF THE RETIREE HEALTH BENEFIT PROGRAM. THE BENEFIT IS SUBJECT TO ANNUAL APPROPRIATION BY THE CITY COUNCIL OF FUNDS NECESSARY TO DEFRAID THE EXPENSES OF IT. THE CITY RETAINS ITS RIGHT TO AMEND OR TERMINATE THE BENEFIT IF FUNDS ARE NOT APPROPRIATED AT ANY TIME.