



CITY OF SOMERVILLE, MASSACHUSETTS
JOSEPH A. CURTATONE MAYOR

Health Insurance Opt-Out Program Policy
(Retiree)

The following is intended as incentive payments that benefit both the retiree who elect to participate in this program as well as the City. Participation is voluntary and subject to the terms and conditions listed below.

To be eligible to participate in this program, a retiree must meet the following criteria:

1. The individual must be a retiree who is eligible for health insurance benefits:
 - a. Currently receiving health insurance from the City,
 - b. Or enrolled and receiving City health insurance for the entire period of the previous fiscal year (July 1st through June 30th, inclusive).
2. The City will pay a retiree covered by this program no less than the following annual amounts, based on twelve (12) months of participation in the program.
 - a. Single Plan: \$2,000.00
 - b. Family Plan: \$4,000.00
3. Said payments will be included in an retiree's regular pay check , in monthly installments, for each full month a retiree does not utilize, elect, participate in, and/or have City-provided insurance.
 - a. Example 1: A participating retiree who opted out of the City-provided family plan would receive approximately \$333.33 (totaling \$4,000 per year) in additional pay per month if he/she participated in the program. Payment(s) will be taxable.



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- b. Example 2: A participating retiree who opted out of the City-provided individual plan would receive approximately \$166.66 (totaling \$2,000 per year) in additional pay per month if he/she participated in the program. Payment(s) will be taxable.
- 4. If a retiree who is participating in the program returns to receiving City-provided health insurance all payments pursuant to this program will cease beginning the month before health insurance coverage becomes effective.
- 5. A retiree wishing to participate in this program must submit a signed request and waiver in writing on a form provided by the City available in the Personnel Department.
- 6. The City reserves, at its sole discretion, the right to expand the criteria as to which a retiree may be eligible to participate in this program however nothing in this agreement shall restrict a retiree who is otherwise qualified hereunder to participate.
- 7. Nothing in this agreement is intended to reduce the previously-existing rights of retirees to participate in City-provided health insurance, to limit "qualifying events" that may occur between open enrollment periods or to reduce the rights of retirees to have access to health insurance under the law; however retirees should be aware that participation in this program and receipt of any payments under this program are conditioned upon compliance with all of its terms and conditions. The effective date of the "qualifying event" is set by the Group Insurance Commission (GIC).
- 8. In no instance shall a retiree receive both a payment under the program and health insurance benefits simultaneously.
- 9. The City reserves the right to modify or discontinue the program with 60 (sixty) days notice in advance of the next open enrollment with the discontinuance effective on the subsequent plan renewal date.
- 10. In the event of death, any surviving spouse of the retiree receiving a survivor pension would become eligible for the individual opt out stipend, subject to all provisions in this agreement.