

**ERIE COUNTY WATER AUTHORITY**  
**HR Policies/Procedures**

**Re: HEALTHCARE WAIVERS**

**Policy No.: 44.A**

**Application: Employees and Eligible Retirees**  
**Not Subject to Collective Bargaining**

**Amended: 12/14/00**  
**09/05/02**  
**10/09/03**  
**07/08/04**  
**12/18/08**  
**05/09/13**  
**04/30/20**

**POLICY**

As a matter of policy and practice, the Erie County Water Authority (the “Authority”) makes medical insurance coverage available to all active employees and eligible retirees. Dental coverage is available only for active employees.

Employees who are part of a collective bargaining unit have been given contractual rights to waive such coverage in return for cash payments. The Authority would like to encourage employees and retirees to waive insurance coverage when alternative coverage is otherwise available. The Authority, its employees, and its retirees financially benefit by a policy allowing such waivers. For these reasons, the Authority has adopted this policy extending health insurance waivers to employees and eligible retirees who are not covered by a collective bargaining agreement.

**PURPOSE**

This policy provides taxable cash payments to eligible employees and retirees in lieu of health insurance coverage through an Authority-approved healthcare plan when an employee or retiree has proof of coverage through an alternative healthcare plan.

**PROCEDURE**

**Section 1 Eligibility**

(a) This policy is applicable to eligible employees or retirees who are not part of a collective bargaining unit.

(b) An eligible employee is an active, full-time, employee who is entitled to healthcare coverage through an Authority-approved plan and who has available coverage through an alternative healthcare plan and provider.

(c) An eligible retiree is an individual who has retired from a full-time position with the Authority and who is eligible for healthcare coverage pursuant to Policy No. 46 (Medical Coverage for Retirees).

- (1) A retiree who waives coverage to a Medicare Advantage Plan through an Authority-approved provider will not be entitled to a cash payment for the waiver of such coverage.
- (2) Upon the death of a retiree, the surviving spouse will not be eligible to apply for a waiver upon the expiration of the annual waiver period following the death of the retiree.
- (3) A surviving spouse may forfeit a waiver payment if the surviving spouse elects to have healthcare coverage through an Authority-approved plan if the request is made following the death of the retiree and before the expiration of the annual waiver period.

(d) A part-time employee who has elected to waive healthcare coverage prior to January 1, 2021 will receive cash payments for that waiver period.

(e) Effective January 1, 2021, part-time employees will no longer be eligible for cash payments in lieu of healthcare coverage through an Authority-approved plan.

(f) Effective January 1, 2021, active employees, who were already retired from the New York State and Local Retirement System and already on Medicare when they were hired by the Authority, will no longer be eligible for cash payments in lieu of healthcare coverage through an Authority-approved plan. Such employees who have filed a notice of waiver prior to January 1, 2021 will receive a last waiver payment one-year after the filing date of the notice.

## **Section 2 Notice of Waiver**

(a) On an annual basis, an eligible employee or retiree must provide notice of waiver to the Authority.

(b) The notice of waiver shall provide:

- (1) the name and identification number of the alternative healthcare plan, along with proof of enrollment in the alternative healthcare plan; and
- (2) the name of the person insured under the alternative healthcare plan, from whom the employee or retiree has available alternative coverage, and a

description of the relationship between the insured person and the eligible employee/retiree.

(c) The notice of waiver form shall be filed with the Authority's Human Resource Department on or before the first date of the waiver period established in section 3 of this policy.

### **Section 3 Annual Waiver Period**

(a) Active employees are eligible to elect a waiver on the first of the month following their employment or eligibility for an alternate plan, and thereafter annually.

(b) Employees who retire while already waiving health insurance will not be required to file a new notice of waiver but shall be allowed to continue their waiver period into retirement.

(c) Retirees who elect to waive health insurance subsequent to retirement shall be eligible to file a notice of waiver on the first of the month following their eligibility for an alternate medical plan and thereafter annually.

### **Section 4 Payments for Waiver Notices Filed before December 31, 2020**

(a) If an eligible individual waives medical coverage, the individual will be entitled to receive a cash payment in an amount equal to 55% of the Authority's contribution paid toward the premium of a CORE single or a CORE family approved medical plan.

(b) If an eligible active employee waives dental coverage, the employee will be entitled to receive a cash payment in an amount equal to 55% of the Authority's contribution paid toward the premium of a single or a family approved dental plan.

(c) A retiree who waives coverage to a Medicare Advantage Plan through an Authority-approved provider will not be entitled to a cash payment for the waiver of such coverage.

(d) Waiver payments will be received one-year following the filing of the notice of waiver in the following manner:

- (1) For active employees, waiver payments will be included in their regular payroll check during the month of election;
- (2) For retirees, checks for waiver payments will be mailed to retirees during the month of election.

(e) If an eligible employee is no longer employed by the Authority, the employee forfeits the waiver payment and will not be entitled to receive a partial or a prorated payment.

(f) If an active employee requests and is granted a leave of absence without pay, the waiver payment date will be increased by the number of full or partial months necessitated by the leave of absence without pay.

## **Section 5      Payments for Waiver Notices Filed on or after January 1, 2021**

(a) If an eligible individual waives medical coverage, the individual will be entitled to receive a cash payment in an amount, which is the lesser of the following:

- (1) 55% of the Authority's contribution paid toward the premium of a CORE single or a CORE family approved medical plan, or
- (2) \$3,000 for a single plan or \$8,000 for a family plan.

(b) If an eligible active employee waives dental coverage, the employee will be entitled to receive a cash payment in an amount, which is the lesser of the following:

- (1) 55% of the Authority's contribution paid toward the premium of a single or a family approved dental plan, or
- (2) \$100 for a single plan or \$350 for a family plan.

(c) A retiree who waives coverage to a Medicare Advantage Plan through an Authority-approved provider will not be entitled to a cash payment for the waiver of such coverage.

(d) Waiver payments will be received one-year following the filing of the notice of waiver in the following manner:

- (1) For active employees, waiver payments will be included in their regular payroll check during the month of election;
- (2) For retirees, checks for waiver payments will be mailed to retirees during the month of election.

(e) If an eligible employee is no longer employed by the Authority, the employee forfeits the waiver payment and will not be entitled to receive a partial or a prorated payment.

(f) If an active employee requests and is granted a leave of absence without pay, the waiver payment date will be increased by the number of full or partial months necessitated by the leave of absence without pay.

## **Section 6      Waiver Deductions**

- (a) Waiver payments are taxable.

(b) The Authority will issue a lump sum waiver payment to retirees without making any deductions. Retirees will be responsible for the payment of all applicable taxes.

(c) For active employees, the Authority will deduct from waiver payments applicable federal, state and FICA withholdings and other applicable statutory deductions including, but not limited to, child support or wage garnishments. The Authority will also deduct from waiver payments past due premium payments owed by the employee.

## **Section 7      Revocability**

(a) Except as provided in paragraph (b) of this section, an eligible employee or retiree may not revoke a waiver during the waiver period after a notice of waiver has been executed.

(b) If an employee or a retiree has a change in coverage status, due to divorce or termination of the alternative plan, the employee or retiree may revoke the waiver and seek coverage under an Authority-approved plan. When such employee or retiree revokes the waiver, the employee or retiree shall forfeit, in full, any payment pursuant to this policy.

## **Section 8      Open Enrollment Period**

Unless otherwise permitted by the Authority-approved plan under circumstances described in section 6, paragraph (b) of this policy, an active employee or retiree may be reinstated to an Authority-approved plan during an open enrollment period.