

ERIE COUNTY WATER AUTHORITY
HR Policies/Procedures

Re:	MEDICAL COVERAGE FOR RETIREES	Policy No.:	46.0
Application:	Retirees Not Subject to a Collective Bargaining Agreement	Amended:	02/07/02 11/26/02 11/06/03 06/24/04 06/16/05 12/13/11 03/22/12 06/26/14 04/30/20

POLICY

The Erie County Water Authority (the “Authority”) endeavors to solicit, recruit, employ and retain highly qualified and experienced professionals to oversee all aspects of the Authority’s operation. As a governmental entity, the Authority lacks the power to negotiate or offer long-term employment agreements to prospective employees, except for employees who are subject to a collective bargaining agreement.

In the private sector, employers may attract executives, senior managers and other professionals by offering employment contracts setting forth terms and conditions of employment, short- and long-term employee benefits, the grounds upon which termination may be sought, and the terms and conditions for severance compensation upon termination.

The Authority’s executive, senior and professional staff are considered at-will employees, with many holding professional licenses. The Authority must compete with the private sector for highly qualified and experienced executives, senior manager and professionals.

The Authority continues to offer medical coverage to retirees in order to enhance its efforts to solicit, recruit, employ and retain highly qualified and experienced personnel. The Authority has extended medical coverage to any full-time employees who retired after April 1, 1991 and who, at the time of retirement, satisfy certain age and service requirement under this policy, as revised and amended over the years.

PURPOSE

The purpose of the policy is to describe the conditions and circumstances under which the Authority may extend medical insurance coverage for eligible retirees.

PROCEDURE

Section 1 Eligibility.

(a) The Authority shall provide single, double or family medical insurance coverage through an Authority-approved contract with the Labor Management Health Care Fund, Inc. ("LMHF"), or such other Authority-approved contract in effect at the time of coverage, to a retiree who meets the eligibility requirements set forth in paragraph (b) of this section.

(b) Eligibility is extended to full-time employees who retire from the Authority as a member of the New York State and Local Retirement System (NYSLRS) or the optional TIAA-CREF program and who, at the time of retirement, have met one of the following age and service requirements:

- (1) An eligible employee who is at least fifty-five (55) years of age and has a minimum of fifteen (15) years of full-time service with the Authority; or
- (2) An eligible employee with a minimum of five (5) years of full-time service with the Authority and whose age and years of services combined is at least equal to sixty-five (65).

Section 2 Medicare Coverage

(a) When a retiree or the retiree's spouse becomes Medicare eligible, the retiree and/or spouse will be required to apply for Medicare Part B coverage.

(b) An eligible employee who is Medicare eligible must apply for Medicare Part B at the time of retirement.

(c) The retiree and the retiree's spouse shall bear the costs for the Medicare Part B premium.

(d) For Medicare eligible retirees, the Authority will pay eighty-five percent (85%) of a Medicare supplemental insurance plan provided through LMHF or otherwise provided under a Authority-approved contract.

(e) Reimbursement for Medicare supplemental out-of-network coverage is subject to the provision set forth in section 3, paragraph (a), subparagraph (2) of this policy.

Section 3 Contributions

(a) Authority Contributions

- (1) The Authority shall provide an eligible retiree with a single, double or family medical insurance plan with a provider under an Authority-approved contract.

- (i) The Authority will pay 100% of the cost for an approved medical insurance plan for eligible former employees who retired prior to April 1, 2012.
- (ii) For eligible employees who retire on or after April 1, 2012, the Authority will pay 85% of the cost for an approved medical insurance plan.

(2) Out-of-Network Coverage.

- (i) Retirees who relocate outside of the coverage area of an Authority-approved medical plan may seek reimbursement for an out-of-network medical insurance plan by providing the Authority with payment receipts of such out-of-network coverage.
- (ii) For retirees who retired prior to April 1, 2012, the Authority will reimburse retirees for out-of-network coverage in an amount not to exceed the premium paid by the Authority for an in-network approved medical plan providing single, double or family coverage or a Medicare Advantage Plan.
- (iii) For retirees who retired on or after April 1, 2012, the Authority will reimburse retirees for out-of-network coverage in an amount not to exceed 85% of the premium paid by the Authority for an in-network approved medical plan providing single, double or family coverage or a Medicare Advantage Plan.

(b) *Retiree Contributions*

- (1) The retiree or the surviving spouse will be responsible for the payment of the retiree's share of the monthly medical insurance premium.

(2) Sick Leave Credits

- (i) The value of the eligible employee's unused sick leave at the time of retirement may be used as credits to offset the retiree's share of monthly medical insurance premium due to the Authority.
- (ii) Sick leave credits shall be calculated as the product of the number of unused sick leave hours multiplied by the eligible employee's hourly rate of pay at the time of retirement.
- (iii) Upon the death of the retiree, the eligible surviving spouse may apply the unused balance of sick leave credits to pay the surviving

spouse's share of monthly medical insurance premium due to the Authority.

- (iv) The use of sick leave credits to pay insurance premiums will not impact the number of unused sick leave days reported to the NYSLRS in accordance with Retirement and Social Security Law § 41(j).

Section 4 Surviving Spouse Benefits

Upon the death of the retiree, the surviving spouse shall be entitled to medical insurance coverage under the same terms and conditions as set forth in this policy until the spouse remarries or dies.

Section 5 Waiver

(a) Retirees who are covered under an alternate medical insurance plan may elect cash payments in lieu of medical insurance coverage provided through the Authority, subject to the provisions set forth in Policy No. 44 A.

- (b) A retiree may choose to waive medical coverage.

Section 6 Open Enrollment

A retiree or surviving spouse will have the opportunity to change medical insurance coverage during the annual open enrollment period.

Section 7 Policy Changes

(a) Any changes in the Authority's medical insurance program affecting active employees will also apply equally to retirees or their surviving spouses.

(b) Changes may include, but are not limited to, summary plan descriptions (SPDs), types or numbers of insurance carrier(s), amount of the Authority's contributions, and plan deductibles or prescription co-pays.

(c) The Authority may, at any time, amend or discontinue this policy of providing medical insurance coverage to current and/or future retirees.