

Red-Lined Version

Article XI. BENEFITS

Section 11.06 Health Care Savings Plan (HCSP)

The Health Care Savings Plan (HCSP) is an employer-sponsored program that allows Minnesota Public employees to invest money in a medical savings plan while employed. The HCSP is administered by the Minnesota State Retirement System and is used to reimburse for any qualified premiums (such as health or dental insurance) or medical expenses (such as eyeglasses, prescriptions, fees to doctors, hospitals, nursing care, etc.). after leaving City employment. Since payouts are used for medical expenses, they will remain *tax-free*. Funds are available for reimbursement only after termination of employment.

Full-time non-represented employees are eligible to participate in the Minnesota Post Employment Health Care Savings Plan (HCSP) established under Minnesota Statutes, Section 358.98 (Minn. Supp. 2001) and as outlined in the Minnesota State Retirement System's Trust and Plan Documents.

All full time non-represented employees will contribute the following amounts based on their years of service as follows:

- 2-5 years \$75.00 per pay period
- 6-10 years \$100.00 per pay period
- 11-15 years \$125.00 per pay period
- 16+ years \$150.00 per pay period

All full time non-represented employees with two (2) years of service or more that have accumulated over 248 hours of PTO on their hire date of each year will have those hours, up to a maximum of forty (40) hours, converted into cash and deposited into their post-employment health care savings account. (The conversion is available only if the employee has used at least eighty (80) hours of PTO during the twelve (12) months preceding the hire date).

Upon separation or retirement from City employment, a severance payment computed at the regular employee's current salary rate shall be made for PTO earned to all eligible employees. Employees who are terminated for just cause, for reasons other than a layoff or reduction in force, shall not be entitled to receive this severance payment.

At the time of separation or retirement, all eligible employees will have ~~the option to select one of the options listed below:~~

- ~~1. The entire balance of their accrued PTO deposited into their HCSP account., or~~
- ~~2. The employee may have their accrued PTO balance paid in cash at their regular rate of pay in effect at the time of separation or retirement.~~

~~The employee is expected to notify Human Resources which option they select prior to their last date of employment.~~

~~Cash payment will be subject to state and federal taxes.~~

Please see Human Resources to receive information on HCSP investment options, eligibility reimbursements, the benefits of a Health Care Savings Plan, and the City of Grand Rapids HCSP Plan Document.

Revised Version

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