

## **RESOLUTION NO. 2026-10**

### **A RESOLUTION OF THE CITY OF MADEIRA BEACH, FLORIDA, CREATING A HEALTH INSURANCE PROGRAM OPT OUT COMPENSATION PROGRAM; MAKING RELATED FINDINGS; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, Florida Statutes § 112.08(2)(a) authorizes every local government to provide and pay out of its available funds for all or part of the premium for life, health, accident, hospitalization, or annuity insurance, or all or any kinds of such insurance, for the officers and employees of the local government, and for health, accident, and hospitalization insurance for the dependents of such officers and employees, upon a group insurance plan; and

**WHEREAS**, on August 14<sup>th</sup> 2024, the Board of Commissioners of the City of Madeira Beach adopted Resolution 2024-04 which adopted the most recent version of the City's IRS Code § 125 Plan Document (the Plan) which governs the general features and administration of the City's insurance benefits including healthcare; and

**WHEREAS**, the City has historically endeavored to, and will continue to endeavor to provide an employee healthcare insurance program which meets the needs of its workforce and elected officials while also taking into account limited budgetary funds; and

**WHEREAS**, the cost to the City to provide healthcare insurance to its employees continues to rise, and is projected to continue to rise into the foreseeable future; and

**WHEREAS**, the City is aware that certain members of its Commission and workforce may have or over time gain access to alternative sources of healthcare coverage, and may therefore not need or desire to participate in the City's healthcare insurance plan; and

**WHEREAS**, to the extent such officials or employees do not participate in the City's plan, that non-participation allows the City to utilize its limited resources to attempt to continue to keep health insurance costs to its Plan participants as low as possible; and

**WHEREAS**, in recognition of the benefit non-participation brings to the City, and of the fact that a participant's election not to participate in the City's healthcare insurance plan is voluntary, the City wishes to provide a monetary benefit to participants who opt-out of the City's plan because they are able to, and desire to, obtain healthcare coverage for themselves and their dependents by other means; and

**WHEREAS**, pursuant to prevailing federal income tax rules, Plan participants receiving payments for opting out of the City's healthcare plan will be required to pay tax on that income; and

**WHEREAS**, certain IRS regulations require employees opting out of an employer healthcare plan, and thereby receiving an incentive, to certify they have or will have the minimum coverage required by the federal Affordable Care Act; and

**WHEREAS**, the City's professional staff and legal counsel have reviewed the applicable

regulations and have recommended the program set forth in this Resolution to ensure compliance with all applicable laws and regulations; and

**WHEREAS**, the City Commission finds that giving its Plan participants benefits options which work best for them contribute to employee recruitment, satisfaction and retention; and

**WHEREAS**, the City Commission finds that it is in the best interests of the City and its employees to adopt the provisions in this Resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the City Commission of the City of Madeira Beach, Florida, that:

**Section 1.** An employee healthcare plan opt-out payment policy is hereby created as follows:

- A. Each City employee or elected official who is eligible to participate in the City's healthcare Plan may elect to participate or to opt-out of participation in the Plan. An opt-out election may occur at any time, although employees must educate themselves on eligibility windows and criteria to resume coverage once opting out.
- B. Each City employee or elected official who elects to opt out of healthcare Plan coverage must submit a signed Election to Opt-Out of Healthcare Coverage to the City Manager or the City's designated Plan Administrator. The election form shall, at a minimum:
  - note the date the employee or official wishes the opt out to begin,
  - state that the employee or official has been provided access to the terms of the City's healthcare Plan document, has reviewed or had the opportunity to review the Plan, and understands that the decision to opt out is wholly voluntary,
  - state that the employee or official understands that in each fiscal year, the City may, or may not, provide a payment to each employee or official electing to opt out, but acknowledging that such payment, or its amount, are not contractually guaranteed in future fiscal years, and that the payment, if stated in an annualized amount by the City Commission, shall be paid in increments associated with the City's payroll periods,
  - state that the employee or official understands that by opting out, the amount of any opt out payment the City may in that given fiscal year be providing will be paid in the same manner and at the same time as the employee's wages or official's stipend are paid, and be taxed at the same rate,
  - state that the employee or official may elect to re-join the City's healthcare Plan at any time after opting out, but only under the terms of the then-existing Plan and any associated laws or regulatory rules regarding healthcare Plan enrollment for public sector plans,
  - contain a statement reading:

By signing this Election to Opt-Out of Healthcare Coverage, I certify that I and all other individuals for whom I reasonably expect to claim as a personal exemption deduction for the taxable period to which this opt out applies, have or will have the minimum essential healthcare coverage as is required by the federal Affordable Care Act (whether or not that coverage is obtained through the ACA Marketplace) during the period of coverage to which this opt-out arrangement applies.

- C. In each fiscal year, the City Commission may, in conjunction with its annual budget adoption process or at any other appropriate time, establish an opt-out payment to be paid to each employee or official who elects to opt-out of participation in the City's healthcare Plan.
- D. Such payment must be publicized to all employees and will be stated in a per employee/official annualized sum, but will be payable in increments coordinating with the employee's or official's payroll period. Such sums will not be payable for any payroll period in which the employee has not worked for, or the official has not been an official of, the City.
- E. To ensure compliance with HIPAA, Medicare, and Tricare nondiscrimination rules, the opt-out payment amount shall be the same for all City employees and officials.
- F. The failure, in any given fiscal year, of the City Commission to authorize an opt-out payment shall not negate an employee's or official's ability under this policy to voluntarily opt-out of participation in the City's healthcare Plan.

**Section 2.** If any section, subsection, sentence, clause, provision, or word of this Resolution is held unconstitutional or otherwise legally invalid, same shall be severable and the remainder of this Resolution shall not be affected by such invalidity, such that any remainder of the Resolution shall withstand any severed provision, as the City Commission would have adopted the Resolution even absent the invalid part.

**Section 3.** This Resolution shall take effect immediately upon adoption.

**ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2026, by the City Commission of the City of Madeira Beach, Florida.

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Anne-Marie Brooks, Mayor

**ATTEST:**

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Clara VanBlargan, City Clerk