

Administration Department

To: Finance Committee

From: Mayor McFarland

Date: March 17, 2025

Subject: Health Benefit Update

Background

The City of Watertown has contracted with a new health care provider beginning January 1, 2025. As a result, several sections relating to the health plan that referred to the previous provider of Employee Trust Funds (ETF) are addressed below to be updated. ETF will continue to provide pension, life insurance, and income continuation benefits. With the change of health care providers, COBRA administration will be completed by Employee Benefits Corporation (EBC) for Health, Dental, Vision, and Flex Spending programs. Retirement sections will also be affected as they relate to sick leave conversion and retirees that continue coverage through COBRA.

Current policy can be located at:

<https://cms4files.revize.com/watertownwi/Handbook%20August%202024.pdf>

Proposed Policy Changes:

Section V. Benefits

F. HEALTH INSURANCE

Wisconsin Retirement System eligible part-time employees may apply for health insurance coverage. City contributions will be prorated and will apply based on the part-time tiers that reflect the number of scheduled hours expected for the position. Find more information at www.deancare.com

All full-time employees and those part-time employees as designated in the annual payroll resolution shall be eligible to receive health insurance benefits at the expense of the City, subject to the required employee premium contribution amount, ~~applied to the least expensive plan available,~~ as established in the annual payroll resolution and applicable collective bargaining agreements.

New employees shall be eligible for health insurance benefits on the first day of the month following the first day of employment. Where the first day of the month is the first day of employment, health insurance benefits will begin on the same day. Health insurance

coverage terminates at the end of the month in which the employee terminates employment. Employees will be eligible to participate in COBRA benefits for 18 months after the last date of coverage as an employee with payments that will be administered by Employee Benefits Corporation(EBC).

Dependent Coverage Eligibility:

Employees that choose family plans must be enrolled in the plan in order to enroll additional dependents. Eligible dependents for family coverage include:

(1) Spouse (must be legally recognized in the State of Wisconsin).

(2) Children who include:

(a) Natural children.

(b) Stepchildren.

(c) Adopted children and pre-adoption placements. Coverage will be effective on the date that a court makes a final order granting adoption by the subscriber) or on the date the child is placed in the custody of the subscriber, whichever occurs first. These dates are defined by Wis. Stat. § 632.896. If the adoption of a child is not finalized, the insurer may terminate coverage of the child when the adoptive placement ends.

(d) Legal wards that become the subscriber's permanent ward before age 19. Coverage will be effective on the date that a court awards permanent guardianship to either the subscriber/employee or spouse.

(e) Grandchild if the parent is a dependent child and under the age of 18. The grandchild ceases to be a dependent at the end of the month in which the dependent child (parent) turns 18.

Note: (i) Children, stepchildren, and legal wards may be covered until the end of the month in which they attain age 26 except for grandchildren. Their spouse and/or dependents are not eligible. Upon the child's loss of eligibility, the child may be eligible for COBRA Continuation.

(f) Pertaining to divorce - if a court orders the subscriber/employee to insure an ex-spouse, the order does not create eligibility for the ex-spouse to remain insured under the subscriber/employee. Ex-spouse eligibility is under COBRA Continuation for 18 months after the last day of coverage

Plan Changes:

Employees wishing to make changes to enrolled health plan coverage must provide official documentation within 30 days of the event noting the effective date that coverage change takes effect as it pertains to life changing events. All other changes will be made as part of the open enrollment period.

~~Part-time employees determined to be eligible under the rules of the Department of Employee Trust Funds, may apply for health insurance coverage. City contribution will be the minimum as determined by the Department of Employee Trust Funds based on the number of scheduled work hours.~~

Married employees who both work for the City shall be eligible for coverage under said policy in the manner least expensive to the City and shall be exempt from the required employee premium contribution up to an amount equal to the least expensive plan available in any given year as long as this does not conflict with the maximum allowable City contribution as defined by the health insurance program.

Coverage for Retired Employees

For any employee who elects to retire consistent with the terms of the Department of Employee Trust Funds and **participate in COBRA health care continuation for 18 months after the last date of coverage**, the City will establish a health insurance premium account for such employee in an amount equal to sixty dollars (\$60.00) per day of accumulated unused sick leave (for twenty-four (24) hour shift personnel, sixty dollars (\$60.00) for every twelve (12) hours of accumulated sick leave) remaining in such employee's sick leave account as of his/her retirement date (maximum value of seven thousand two hundred dollars (\$7,200.00)). Such premium account shall only be used for the purpose of making future payments of premiums towards the City's group health insurance program on behalf of the retired employee.

Payments of such premiums from said premium account will be on the basis of one-half (½) the premium cost per month and coordinated with the retired employee's own payment for the other half of the premium cost paid two (2) months in advance until such premium account is depleted or the retired employee is no longer a participant in the City's group health insurance program. **Payments will be administered by EBC.**

G. DENTAL INSURANCE

Find more information at <https://www.deltadentalwi.com/>

All full-time employees and those part-time employees as designated in the annual payroll resolution shall be eligible to receive dental insurance benefits at the expense of the City, subject to the required employee premium contribution amount, applied to the least expensive plan available, as established in the annual payroll resolution and applicable collective bargaining agreements.

New employees shall be eligible for dental insurance benefits on the first day of the month following the first day of employment. Where the first day of the month is the first day of employment, dental insurance benefits will begin on the same day. Dental insurance coverage terminates at the end of the month in which the employee terminates employment. **Employees will be eligible to participate in COBRA benefits for 18 months**

after the last date of coverage as an employee with payments that will be administered by EBC.

Married employees who both work for the City shall be eligible for coverage under said policy in the manner least expensive to the City and shall be exempt from the required employee premium contribution up to an amount equal to the least expensive plan available in any given year.

H. VISION INSURANCE

Find more information at <https://www.deltadentalwi.com/>

All full-time employees and those part-time employees as designated in the annual payroll resolution shall be eligible to participate voluntarily in the vision insurance benefits at the employee's expense offered by Delta Vision (a division of Delta Dental of WI). New employees shall be eligible for vision insurance benefits on the first day of the month following the first day of employment. Where the first day of the month is the first day of employment, vision insurance benefits will begin on the same day. Vision insurance coverage terminates at the end of the month in which the employee terminates employment. **Employees will be eligible to participate in COBRA benefits for 18 months after the last date of coverage as an employee with payments that will be administered by EBC.**

H. LIFE INSURANCE

Find more information at <http://etf.wi.gov/>

The City shall provide all full-time and eligible part-time employees a term life insurance policy equal to his/her Wisconsin Retirement System earnings paid during the previous calendar year rounded to the next higher one thousand dollars (\$1,000.00). The City shall also make available to the employee the option of additional term life insurance coverage to be purchased by the employee at his or her expense if such coverage is available. Life insurance policies shall be underwritten through a carrier of the City's choice.

I. PENSION

Find more information at <http://etf.wi.gov/>

Both full-time and regular part-time employees shall be covered under the Wisconsin Retirement System in accordance with Chapter 40, Wis. Stats. The City's contributions to the retirement system shall be determined as per the adoption of the annual payroll resolution and in accordance with applicable state statutes.

J. WISCONSIN DEFERRED COMPENSATION

Find more information at <https://wisconsin.gwrs.com/>

The City participates in the Wisconsin Deferred Compensation program provided by the State of Wisconsin. Employees may elect to participate by making pre-tax or post-tax contributions towards retirement investment options of their choice.

K. SECTION 125 PLAN

Find more information at <https://www.ebcflex.com/>

The City has established a Section 125 plan which provides for reimbursement for dependent care and health care expenses as permitted by the Internal Revenue Code. Employees may elect to reduce their wages by making contributions to the Section 125 plan to the extent permitted by law. At the end of the plan year, any unused funds are forfeited by the employee and become property of the employer. **Employees will be eligible to participate in COBRA benefits with payments that will be administered by EBC.**

Budget Goal

Supports employee retention and growth, while also evaluating operations and the associated staffing

Financial Impact

Health Insurance impacts all departments of the city that have benefit eligible employees and future recruitment efforts.

Recommendation

Approve the updated handbook changes.

2025 Operational Goals

Present a budget that (Department select the relevant goals, and delete those not relevant):

1. Invests in the strategic planning and maintenance of our city buildings
2. Proactively maintains and improves our parks and infrastructure to ensure safety, quality, and equity
3. Supports employee retention and growth, while also evaluating operations and the associated staffing
4. Fosters community growth by assessing opportunities, stakeholder input, environmental needs, and modern code and policy priorities
5. Maintains a safe and healthy community, with an eye toward future needs and trends