

Memorandum

TO: Finance and Administration Committee

FROM: Kathleen Dunne
Human Resources Administrator

DATE: February 16, 2016

SUBJECT: Revisions to the Human Resources Manual

The attached Resolution describes the major changes to the Human Resources Manual effective March 2016. The changes include the following:

- Chapter 2.C was revised to clarify and emphasize the Village's zero tolerance policy concerning workplace violence. Also, reference to the *Illinois Workplace Violence Act* was inserted to inform employees of the available safety procedures.
- Chapter 3.F was revised to eliminate the Department Head and Village Manager optional annual medical screening. Wellness physicals are covered under the Village's medical plan coverage.
- Chapter 4 was revised to add a merit pool program to recognize outstanding service by non-union Village employees.
- Chapter 5.D was revised to impose more efficient reporting requirements and procedures for workplace injuries.
- Chapter 5.U was revised to add the monthly car allowance for the Public Works Director and Community Development Director. This change is consistent with a market study done for the Village Manager, Public Works Director and Community Development Director in 2015. The Village Manager contract has been changed. Per the changes, the Public Works Director allowance will be \$500 per month or he/she will receive a Village vehicle. The Community Development Director's monthly car allowance will increase from \$150 to \$300.
- Chapter 6.G was revised to clarify the prohibitions against Village employees accepting gifts from improper sources.

- Chapter 6.I was revised regarding a Village employee running for an elected office in the Village.
- Chapter 9.A was revised to provide flexibility regarding retirement notice obligations and to clarify that vacation payout upon retirement will be paid on an employee's last paycheck.
- Catastrophic or Compassionate Leave Program and Policy was added to Chapter 5 of the Human Resources Manual. The purpose of the program is to provide employees an opportunity to support their co-workers who are facing a major life crisis or situation. The program was developed as part of the Village's efforts to create a caring environment. While the program establishes a mechanism for vacation time donations, participation is entirely voluntary.

The following Human Resources Manual changes would be due to state or federal law changes:

- Chapter 2.B was revised to prohibit Village employees from using medically prescribed marijuana in the workplace or being under the influence of marijuana as a "qualifying patient" under the *Illinois Compassionate Use of Medical Cannabis Pilot Program Act*. Also, a sentence was added giving an employee the opportunity to provide an explanation regarding a determination of impairment.
- Chapter 2.D was revised to prohibit Village employees from carrying a concealed firearm in Village buildings under the *Firearm Concealed Carry Act* and to require an employee with a valid concealed carry permit, who chooses to carry a firearm while driving to and from work, to secure the firearm in accordance with State law while parked on Village owned or leased property.
- Chapter 4.H was revised by adding a provision giving the Village Manager the authority, upon a written recommendation from the applicable Department Head, to excuse a promoted employee from probationary status in the new position based on past performance and command of the duties involved in the new position.
- Chapter 5.A was revised to give the Village the option to provide health insurance to regular part-time employees with if doing so would allow the Village to avoid penalties under the *Affordable Care Act*.
- Chapter 5.B was revised to: (1) clarify that all Village employees, not only IMRF employees, are entitled to continue health insurance coverage at their cost after retirement; and (2) clarify "Excise Tax" issues related to high-cost medical coverage arising under the *Affordable Care Act*. Also, the provisions related to employees covered by a collective bargaining agreement have been removed

because the issues addressed in the deleted provisions are covered by the applicable collective bargaining agreements.

- Chapter 5.H was revised to clarify that the provisions apply to full-time employees and to address recent Illinois Department of Labor Regulations related to "use it or lose it" vacation policies.
- Chapter 5.P was revised to comply with State statute regarding employee contributions to IMRF.
- Manual Exhibits 11-15 have been replaced with the updated FMLA forms. These forms reflect the forms currently being utilized by the Village.

The following Human Resources Manual changes would be due to union contract changes:

- Chapter 4.B was modified by eliminating the sentence stating that an "introductory period will not cause any change in salary or benefits."
- Chapter 6.A was revised in regard to work schedules for part-time employees.
- Chapter 6.D was revised changing from sixteen (16) hours to forty (40) hours the amount of compensatory leave time that can be requested in lieu of monetary remuneration.

It is recommended to review and revise the Human Resources Manual every 2 years.

Due to potential budget concerns, the Village is currently reviewing offering an opt-out medical insurance payment to employees to incentivize employees to elect a spouse's medical insurance plan to reduce liability and costs to the Village. This could result up to a savings up to \$18,185 per employee if an employee elects their spouse's plan instead of the Village's plan. For example, if an employee currently has family BA HMO coverage and the employee elects to take this option, the Village would save approximately \$18,014, \$18,185 for family PPO coverage; and \$17,831 for family PPO Plus coverage. An example of a similar plan from City of Elgin is attached for reference purposes.

If you have any questions, please feel free to contact me at 630-620-5918.

cc: Scott Niehaus, Village Manager
Jason Gusinger, Assistant Village Attorney

CITY OF ELGIN

HEALTH INSURANCE OPT-OUT PROGRAM

The city of Elgin, as all employers, must deal with the continuing increase in the cost of health insurance. The City is aware that some employees may not need the Health insurance benefits received through the City because alternative coverage is available under a spouse's insurance plan. The health insurance Opt-Out program is being offered to employees who have alternative coverage.

Program Overview

An employee who has an alternative source of health insurance coverage **that is part of a group plan** and wants to discontinue coverage under a city health insurance plan may do so during open enrollment (February). In return, the employee is eligible for a waiver payment which will be put into a tax exempt Health Reimbursement Account. Since having health insurance is vitally important, no employee will be allowed to waive/reduce existing coverage unless they can offer proof of coverage under an alternative health insurance plan.

Employees desiring to participate in the Opt-Out program must complete a waiver form (online during open enrollment). Following the submission of the waiver application and verification of alternative **group plan** insurance coverage, any current city health insurance coverage will terminate on the last day of February. An employee may qualify as a participant in the Opt-Out program during the plan year if HR is notified of a qualifying life-changing event (e.g., marriage) that provides them with alternative coverage, within thirty days of the event.

Participants in the program will no longer have a bi-monthly deduction of the employee premium co-payments. The waiver payment is made over twenty- six (26) pay periods during the calendar year. Offering this program does not obligate the City to continue the program from year to year if it is not economically feasible or if in conflict with Federal or State law. The City reserves the right to increase or decrease the waiver payments plan year to plan year.

Health Reimbursement Account

A Health Reimbursement Account (HRA) is an account that is funded solely by the employer (in this case through the waiver payments). The funds roll over year to year and can be used after retirement or separation from the City. The funds can be used for eligible medical expenses, which are essentially identical to those eligible under the Flexible Spending Account. The HRA is administered by a third party who issues reimbursement checks to employees, similar to the Flexible Spending Account.

Married Co-workers

An employee whose spouse is also a city employee will not be eligible to participate in the program. Opt outs are intended to share savings between the City and the employee when another employer provides insurance. The opt out is available only to those employees who attest to insurance coverage elsewhere.

New Employees

New employees starting with the City after the beginning of a plan year may be eligible to participate in the opt-out program by declining health insurance coverage during the initial sign- in period. New employees must also offer proof of coverage under another **group** health

insurance plan. The waiver payment received will be prorated for the balance of the plan year (March 1 – February 28/29).

Retirees

The Opt-Out program is not available to retirees.

Duration

A waiver of health insurance is in effect for only one (1) plan year (March 1- February 28/29). If economically viable and not in conflict with Federal or State law, the City may authorize the program for the next calendar year. Employees desiring to continue in the Opt-Out program for the next calendar year must complete a new waiver form (with proof of alternative insurance coverage) during the month of February. Employees desiring not to continue in the Opt-out program MUST complete all required enrollment forms for city health insurance coverage at the next open enrollment period with coverage effective the start of the plan year.

Separation

If an employee participating in the Opt-Out program separates employment with the City during a plan year, waiver payments will only continue through the last payroll period employed.

Re-Enrollment

Re-enrollment to a city health insurance plan can only occur during the annual open enrollment period or within thirty (30) days of a life-changing event (e.g., spouse losing insurance coverage). Under a qualifying re-enrollment during the plan year, the waiver payment will cease in the payroll period that city health insurance coverage becomes effective.

Effective Date

The Opt-Out program will be offered for the 2016-2017 plan year and each plan year thereafter as approved.

**CITY OF ELGIN HEALTH INSURANCE OPT-OUT PROGRAM
HEATH INSURANCE OPT-OUT WAIVER PAYMENTS**

Payments for the 2016-2017 Plan Year

The annual waiver payments (paid over 26 pay periods) are as follows for **full time employees**:
\$3,000/year

SEIU Public Works, Clerical Technical and Non-Bargaining Unit Full Time Employees ONLY

Members of the above named groups who opt out of the City's insurance program may receive a bi-monthly payment into a tax exempt Health Reimbursement Account or a taxable lump sum payment of \$3,000, through payroll, in December.

CITY OF ELGIN

HEALTH INSURANCE OPT-OUT PROGRAM

Permanent Part Time Employees

The City of Elgin, as all employers, must deal with the continuing increase in the cost of health insurance. The City is aware that some employees may not need the Health insurance benefits received through the City because alternative coverage is available under a spouse's insurance plan. The health insurance Opt-Out program is being offered to employees who have alternative coverage. Current employees who for the plan year discontinue participation in an existing City health insurance plan will receive a bi-monthly payment into a tax exempt Health Reimbursement Account in recognition of the City's insurance cost savings. Newly hired employees are also eligible for the program.

Program Overview

An employee who has an alternative source of health insurance coverage and wants to discontinue coverage under a City health insurance plan may do so during open enrollment (February). In return, the employee is eligible for a waiver payment which will be put into a tax exempt Health Reimbursement Account. Since having health insurance is vitally important, no employee will be allowed to waive/reduce existing coverage unless they can offer proof of coverage under an alternative health insurance plan.

Employees desiring to participate in the Opt-Out program must complete a waiver form (online at open enrollment) and submit it to the Human Resources Department. Following the submission of the waiver application and verification of alternative insurance coverage, the current City health insurance coverage will terminate on the last day of February. An employee may qualify as a participant in the Opt-Out program during the plan year if HR is notified of a qualifying life-changing event (e.g., marriage) that provides them with alternative coverage, within thirty days of the event.

Participants in the program will no longer have a bi-monthly deduction of the employee premium co-payments. The waiver payment is made over twenty- six (26) pay periods during the calendar year. Offering this program does not obligate the City to continue the program from year to year if it is not economically feasible or if in conflict with Federal or State law. The City reserves the right to increase or decrease the waiver payments plan year to plan year.

Health Reimbursement Account

A Health Reimbursement Account (HRA) is an account that is funded solely by the employer (in this case through the waiver payments). The funds roll over year to year and can be used after retirement or separation from the City. The funds can be used for eligible medical expenses, which are essentially identical to those eligible under the Flexible Spending Account. The HRA is administered by a third party who issues reimbursement checks to employees, similar to the Flexible Spending Account.

Married Co-workers

An employee whose spouse is also a City employee will not be eligible to participate in the program. Opt outs are intended to share savings between the City and the employee when another employer provides insurance. The opt out is available only to those employees who attest to insurance coverage elsewhere.

Part-time Employees

Permanent part-time employees who work an average twenty (20) hour per week schedule and have participated in the City's health insurance program the previous plan year are eligible to participate in the Opt-Out program with a waiver payment of \$1,000. Those employees participating in the Opt-Out program will not be eligible for sick days.

New Employees

New employees starting with the City after the beginning of a plan year may be eligible to participate in the opt-out program by declining health insurance coverage during the initial sign-in period. New employees must also offer proof of coverage under another health insurance plan. The waiver payment received will be prorated for the balance of the plan year (March 1 – February 28/29).

Duration

A waiver of health insurance is in effect for only one (1) plan year (March 1- February 28/29). If economically viable and not in conflict with Federal or State law, the City may authorize the program for the next calendar year. Employees desiring to continue in the Opt-Out program for the next calendar year must complete a new waiver form (with proof of alternative insurance coverage) during the month of February. Employees desiring not to continue in the Opt-out program MUST complete all required enrollment forms for City health insurance coverage at the next open enrollment period with coverage effective the start of the plan year.

Separation

If an employee participating in the Opt-Out program separates employment with the City during a plan year, waiver payments will only continue through the last payroll period employed.

Re-Enrollment

Re-enrollment to a City health insurance plan can only occur during the annual open enrollment period or within thirty (30) days of a life-changing event (e.g., spouse losing insurance coverage). Under a qualifying re-enrollment during the plan year, the waiver payment will cease in the payroll period that City health insurance coverage becomes effective.

Effective Date

The Opt-Out program will be offered for the 2016-2017 plan year and each plan year thereafter as approved.