



## CHESTERFIELD COUNTY ADMINISTRATIVE POLICIES AND PROCEDURES

**Department:** Human Resources  
**Subject:** Retiree Benefits

**Policy Number:** 6-10  
**Supersedes:** 10/01/14  
**Date Issued:** 1/01/17

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### I. INTRODUCTION

This administrative procedure establishes policies and procedures governing healthcare, dental care and deferred compensation for retirees of Chesterfield County and their dependents. The county reserves the right to modify or eliminate retiree benefits at any time.

### II. DEFINITIONS

- A. **Break in Service** – A break in service occurs when an employee is no longer employed full time by the county. Breaks in service:
1. **Prior to July 1, 2006:** Retirees who had a break in service prior to July 1, 2006, while they were employed with the county will receive credit for all county and school service before and after the break, regardless of the length of the break. Employees are responsible for providing documentation of any service prior to a break and of any service with Chesterfield Schools.
  2. **Ending after July 1, 2006:** If the break in service is less than five years, all service counts toward the 15-year requirement for eligibility to purchase retiree health benefits at the group rate with no county contribution. If the break in service is greater than five years, employees will not receive credit for service prior to the break.
  3. Retirees who return to work in a VRS covered position for the county retain at least whatever healthcare and dental rights for which they were previously eligible.
- B. **Continuation Coverage** – A temporary extension of insurance coverage at group rates in certain instances when coverage under the plan would otherwise end. See Section VI.
- C. **Dependent** - A retiree's spouse or eligible child
- D. **Disability** – VRS approved disability retirement
- E. **Plan Year** – The period January 1 through December 31 unless otherwise stated
- F. **Premium** – The total cost of health/dental coverage, consisting of the county contribution and the retiree contribution. The county reserves the right to adjust its contributions consistent with the county's benefits strategy.
- G. **Qualifying Family Status Change** – A qualifying family status change is defined as one of the following events by the Internal Revenue Service:
1. Marriage or divorce
  2. Death of spouse or child
  3. Birth or adoption of child
  4. Last eligible child no longer qualifies as dependent
  5. Loss or gain of spouse's employment
  6. Change in employment status for retiree or spouse
- H. **Retiree** – A full-time employee who retires directly from the county and immediately begins to collect a retirement benefit from VRS. This includes disability retirees whose retirement applications are approved retroactive to their separation date.

- I. **Retirement Types** – Types of retirement include service (early or normal) and disability (work-related or non-work-related)
- J. **Surviving Spouse** – The spouse of a county retiree who is covered by the retiree’s health benefits at the time of the retiree’s death
- K. **VRS** – Virginia Retirement System

**III. ELIGIBILITY/CONTRIBUTIONS**

**A. Pre-65 Retirees**

- 1. **Grandfathered Benefit:** Employees with a combination of age and full-time county service equal to or exceeding 60 years as of July 1, 2007, including at least 10 years of service will be grandfathered as follows:

Years of Service at Retirement	Benefit
10 - 14	50 percent of the county contribution active employees receive
15 +	Same county contribution as an active employee

Months are included in the calculation to determine if an employee is grandfathered. The month the employee is hired and the month of their birthday are included in the grandfather calculation, regardless of when the birthday or first day of work falls. However, months are not included when determining what service tier a retiree is in.

- 2. **Capped Benefit:** Non-grandfathered employees who were hired before July 1, 2006, will receive a contribution toward retiree health benefits at age 55 or more with at least 15 years of service. The county contribution for health and dental coverage will be based on years of service at retirement.

County contributions are reviewed on an annual basis when employee deductions are calculated. For current county contributions, contact HRM. The county contribution will increase up to three percent per year based on inflation but may never exceed what an active employee receives. Retirees who receive either the Grandfathered or the Capped Benefit receive the same county contribution as an active employee toward their dental coverage.

Employees retiring before age 55: Employees who retire before age 55 and meet the eligibility requirements for the Access Benefit will be allowed to purchase retiree health benefits at the county’s group rate but will not receive a county contribution. However, employees retiring before age 55 with full VRS benefits (based on Chesterfield service only) will be eligible for the Access Benefit from the time of retirement until age 55. At age 55, they will begin to receive the county contribution for a 25+ year employee.

- 3. **Access Benefit:** Employees hired before July 1, 2006, with at least five years but less than 15 years of full-time county service will be permitted to purchase retiree health benefits for themselves and their dependents at the county’s group rate; however they will not receive a county contribution toward the cost. Employees hired, rehired or reinstated after an absence of more than 30 days on or after July 1, 2006, who retire at age 55 or older must have 15 or more years of full-time county service in order to be eligible for the Access Benefit.
- 4. **Disability:** Disability retirees will receive what they qualified for at the time of disability, or access to retiree health and dental with no county contribution, whichever is greater.
- 5. **No Benefit:** Employees hired, rehired or reinstated after an absence of more than 30 days on or after July 1, 2006, who retire with less than 15 years of service or before age 55 receive no retiree healthcare benefits, unless they qualify for a disability retirement.

## B. Medicare Eligible Retirees

Employees hired prior to July 1, 2006, who are age 65 or older at retirement, are eligible for retiree healthcare if they have at least fifteen years or more of service. Grandfathered retirees identified in III.A.1. and capped retirees with 15 or more years of service identified in III.A.2. will receive county contributions to retiree healthcare coverage at age 65 as described below:

1. Future contributions toward retiree Medicare Supplement Plans are capped at three percent annually for all retirees, regardless of age, who retired on or before January 1, 2009, and active employees meeting any of these criteria on or before January 1, 2009:
  - age 65 or greater, subject to existing service requirements for retiree health care eligibility
  - at least 30 years of full-time county service; 25 years of full-time county service for LEOS employees
2. For all other retirees who receive a county contribution toward pre-65 retiree healthcare coverage, the county contribution toward retiree healthcare will be a monthly contribution of \$4 per year of service when the retiree becomes Medicare eligible.
3. Retirees who receive a monthly contribution of \$4 per year of service toward retiree healthcare will receive the same county contribution as an active employee toward their dental coverage.
4. Retirees who are eligible for the Access Benefits identified in III.A.3 will no longer be eligible for the access benefit at age 65.
5. Eligible retirees who enroll in Medicare Part D will receive up to \$40 per month toward a Medicare Part D plan premium. Retirees who cover an under age 65 dependent are not eligible for this reimbursement.

## IV. COVERAGE

- A. **Residing Outside Service Area** - Retirees permanently residing outside plan service areas may not be covered by county sponsored health plans and, therefore, may be responsible for acquiring their own health plan coverage, if coverage is desired.
- B. **Ineligibility Due To Serious Misconduct** - Retirees who have engaged in serious misconduct shall not be eligible for retiree health and dental benefits. HR and the County Attorney's office will make a determination on what constitutes serious misconduct. The retiree will receive written notice from the HR department if determined ineligible for county sponsored health and dental plans.
- C. **New Retirees** – Upon proper notification of an employee's intent to retire from the county, HR will provide all applicable enrollment forms and will coordinate the processing of those forms with appropriate vendors and Payroll.
- D. **Process** – At retirement, in most cases, retirees are responsible for completing an Authorization to Deduct Health/Dental Insurance Premiums form that allows premiums to be automatically deducted from their VRS retirement benefit payment. Payroll will inform retirees if their VRS benefit payment is insufficient to cover the required premium(s). Those retirees will be responsible for sending proper payment to the Treasurer of Chesterfield County (including their accounts receivable invoice) by the invoice due date each month. If a retiree fails to send proper

payment within 30 days of the due date, the retiree will receive a certified letter from Payroll notifying them that payment is past due. Failure to pay within 60 days of the due date will result in termination of coverage. Inquiries about payment issues are the responsibility of Payroll. Retirees are responsible for keeping Payroll and HR informed of a change in address or any other data changes that may affect their coverage(s).

- E. **Reimbursement** - The county will reimburse eligible retirees who acquire health insurance elsewhere for the cost of their health insurance up to the amount of premium the county would have contributed on behalf of that retiree if the retiree were enrolled in "Retiree Only" coverage with the county. Reimbursement can be arranged on a monthly or quarterly basis. Reimbursement is not available if the retiree's health insurance coverage has been terminated pursuant to Section IV.G of this policy. Reimbursement is also not available for dental insurance or for dependent health or dental coverage. Retirees who are enrolled in the Reimbursement program may enroll in one of the county retiree plans during any open enrollment period. If reimbursement is for Medicare Part D, the reimbursement amount will be established each fall for the following calendar year and processed on a quarterly basis only. Proper receipts will be required by Payroll before reimbursement is made.
- F. **Surviving Spouse** - Surviving spouses are eligible to continue the coverage they had at the time of the retiree's death for 6 months after the retiree's death or December 31, whichever is later, but are responsible for paying the full cost with no county contribution. Once their coverage ends, they will be eligible for 36 months of COBRA. Surviving spouses may not add dependents to the plan who are not already covered at the time of the retiree's death.
- G. **Termination of Health and Dental Coverage** – Retirees and dependents, whose coverage terminates, for whatever reason, are not eligible to re-enroll in any of the county sponsored plans, unless otherwise specified. Termination of coverage occurs at the earliest of the following events:
- Failure of the retiree to pay required premium contributions;
  - Written notification from the retiree that coverage is no longer desired;
  - The retiree permanently moves outside the plans' service areas;
  - The retiree dies;
  - The plan is terminated by the county (In this case, the retiree may be able to enroll in another county sponsored plan);
  - The retiree's coverage is terminated for cause as defined by the plan vendor;
  - Failure of the retiree to provide appropriate paperwork in a timely manner during open enrollment; or
  - Any serious misconduct toward the county subsequent to the effective date of retirement.
- H. **Opting Out** – Retirees who opt out of health coverage at either their initial retirement date or during an open enrollment period are ineligible to re-enroll in county sponsored health coverage, unless they maintain county sponsored dental coverage. However, once a retiree opts-out of health coverage and opts-out of dental coverage, their coverage terminates. They then become ineligible to re-enroll in any county health or dental coverage in the future.

## V. **CHANGES IN COVERAGE**

Changes in coverage are limited to the following events:

- A. **Open Enrollment** – Each year, retirees participating in a county sponsored plan will be given the opportunity to change plans or coverage during an open enrollment period.
- B. **Qualifying Family Status Changes** – Changes in coverage may also be made at any time, provided a qualifying family status change as defined in Section II.G has occurred. Retirees are responsible for notifying HR of such changes within 30 days of the date of the family status change and providing appropriate documentation. Surviving spouses can cancel or decrease their level of coverage but cannot add new coverage or dependents.
- C. **Medicare Eligible** – Retirees (and spouses of retirees who have county coverage) must notify HR at least 90 days prior to their date of eligibility for Medicare to learn about their eligibility for available retiree healthcare options.

## **VI. CONTINUATION OF BENEFITS FOR DEPENDENTS (COBRA)**

- A. **Qualifying Events** – Dependents who lose insurance coverage from the county for one of the following reasons have the right to continue coverage at their own expense for 36 months.
  - 1. Divorce
  - 2. Dependent ceases to be a “dependent child” under the provisions of the plan or IRS Code.
- B. **Process** – The retiree or dependent has the responsibility to inform HR that a qualifying event has occurred within 30 days of the date of the qualifying event. Once HR is notified, information on the cost, terms of acceptance and length of coverage will be sent to all affected parties.

## **VII. DEFERRED COMPENSATION**

Upon retirement, the retiree may be able to access funds in his 457 deferred compensation account. If at any time the retiree is rehired, in a full-time or part-time capacity, he is not permitted to take distributions from the 457 plan until such time he again leaves service as an employee. However, the retiree may be eligible to take a distribution in the year that he turns age 70-1/2 provided the retiree ceases all deferrals prior to the beginning of the distribution.