City of Peabody

Health Insurance Opt-Out Program

Fiscal Years 2024-2025

Under these terms of the City of Peabody's Health Insurance Opt-Out Program, eligible active service City and School Department employees who obtain alternate health insurance coverage from another source may voluntarily cancel their City of Peabody coverage and receive a lump sum paid out in four (4) semi-annual payments in the corresponding amount listed below (in bold), which will be based on a percentage of the FY24 annual premium cost of the specific health insurance plan type (HMO or PPO) and coverage type (individual or family) that the employee was enrolled in prior to participating in this opt-out program.

To qualify for this opt-out program you must meet **both** of the following requirements:

1) You were an active employee of the City of Peabody covered by one of its health insurance plans for at least the last **one (1) year** preceding your enrollment in this program;
2) You can provide documentation of alternate comparable health insurance plan coverage from another source (spouse, military, etc.).

Once enrolled in this opt-out program, you must maintain your alternate health insurance coverage, and you may not re-enroll in the City's group health insurance plans unless one of the following occurs:

1) You involuntarily lose your alternate health coverage through no fault of your own;
2) There is a change in your family status (e.g., marriage, divorce, birth or adoption of a child);
3) The termination of your spouse's employment, or a reduction of his/her hours, resulting in the loss of your alternate health insurance coverage;
4) At least 24 months have passed, and you choose to re-enroll in one of the City's health insurance plans during the annual open enrollment period.

To re-enroll, City employees **must** notify the City's Benefits Manager in the Human Resources Office at City Hall and School Department employees **must** notify the School Payroll Office within 30 days of one of the qualifying events listed above.

MIIA BCBS Plans	FY24 Annual Cost	Total Payment	**Semi-annual Payment**
Network Blue NE (HMO) – Individual	$ 10,923.24	$3200	**$800**
Network Blue NE (HMO) – Family	$ 26,389.08	$10,000	**$2,500**
Blue Care Elect (PPO) – Individual	$ 12,660.96	$4,000	**$1,000**
Blue Care Elect (PPO) – Family	$ 30,587.52	$12,000	**$3,000**

** These semi-annual payments are considered income and are subject to withholdings.*

The open enrollment period to sign up for this opt-out program for Fiscal Years 2024 & 2025 is as follows:

- **May 1st - May 19th for the 24-month period of 7/1/23– 6/30/25**

The semi-annual payments will end after 24 months, or will cease earlier if you must re-enroll in the City's health insurance due to a qualifying event, you are no longer employed by the City of Peabody, or you voluntarily reduce your hours below the qualifying threshold. You will be required to refund the City any portion of the opt-out payment on a pro rata basis to which you are not entitled due to a failure to complete the two-year period.

IMPORTANT ADDITIONAL INFORMATION

Health Insurance Opt-Out Program

Fiscal Years 2024-2025

- **The City of Peabody is offering this health insurance buy-out program effective July 1, 2023 for fiscal years 2024 and 2025. The purpose of this program is to reduce the City's liability for group health insurance costs over the next two fiscal years. The program benefits both the City and its employees by allocating the health insurance premium savings between the City and participating employees.**

- **This is a one-time opt-out program being offered by the City of Peabody. This program will terminate on June 30, 2025. The continuation of this program will be reviewed prior to open enrollment in the spring 2024.**

- **At the open enrollment period scheduled for spring 2025, any employee who participated in the opt -out program may enroll in the City's group health insurance then offered by the City for which they are otherwise eligible.**

- **These opt-out payments are not eligible toward the City of Peabody Retirement Board pension calculations.**

- **Employees may not participate in this plan by switching coverage to their spouse or parent if they are also an employee of the City or School Department.**

- **By participating in this opt-out program, the employee waives their eligibility to receive health insurance from the City for a two-year enrollment period.**

- **Any employee who voluntarily terminates their employment after the opt-out payment has been made will be required to reimburse the City of Peabody the applicable, pro-rated amount for the period after termination if applicable. This re-payment shall not apply to employees retiring from the City of Peabody who are entitled to continue their opt-out enrollment.**

- **Existing retirees are not eligible for this program unless they were accepted into the opt-out program prior to retirement.**

- **The Mayor, together with the Finance Director and Director of Human Resources, may promulgate rules and regulations necessary to implement this program.**

City of Peabody

Health Insurance Opt-Out Election & Waiver Application

PLEASE READ PAGE ONE BEFORE COMPLETING FORM – PRINT CLEARLY

Insured Name (First) (MI) (Last)

Street Address

City State Zip Code

1. I hereby elect a monetary payment in lieu of participating in a City of Peabody sponsored group health insurance plan. I understand that the allowance will be paid semi-annually, in four (4) equal payments on the payroll dates closest to December 15, 2023; June 15, 2024; December 15, 2024 and June 15, 2025. I understand that taxes will be withheld from these payment.

2. I was covered by a City of Peabody health insurance plan on July 1, 2022 and that coverage remains active at present.

   Type of coverage on July 1, 2022: ☐ Individual ☐ Family

   Plan Enrolled in: Network Blue New England (HMO) _____

   Blue Care Elect (PPO) _____

3. I have compared my other alternate health insurance coverage with my City of Peabody coverage. The coverage is comparable and my decision not to participate in City of Peabody health insurance plans is made voluntarily.

4. I understand that I may cancel this election only if:
   a. I involuntarily lose my alternate health coverage through no fault of my own;
   b. There is a change in my family status (e.g., marriage, divorce, death of spouse, birth or adoption of a child);
   c. The termination of my spouse's employment, or a reduction of his/her hours, resulting in the loss of my alternate health insurance coverage; or
   d. At least 24 months have passed, and I choose to re-enroll in one of the City's health insurance plans during the annual open enrollment period.

5. I understand that if I notify the Benefits Manager (City) or Payroll office (School) of my intent to re-enroll in the City's health insurance plans because of one of the above qualifying events, I will be required to refund the City any portion of the opt-out payment on a pro rata basis to which I am not entitled due to my failure to complete the two-year period.

_____ _____

Signature of Insured Date

FOR CITY/SCHOOL DEPARTMENT USE ONLY

1. Current Health Plan Terminated Yes____No____
2. Waiver form received on (date): _____
3. Proof of coverage (date):_____
4. Effective Date _____
5. Buy-out period From _____ To _____
6. Processed by _____