

**WOONSOCKET BUDGET COMMISSION RESOLUTION REGARDING
TERMINATION AND REINSTATEMENT OF HEALTH INSURANCE FOR RETIREES**

WHEREAS, by Resolution adopted on March 19, 2013, Amended Resolution adopted on June 28, 2013, and Second Amended Resolution adopted on July 29, 2013 (hereafter “Retiree Resolutions”), the Woonsocket Budget Commission (“Budget Commission”) made changes to the health insurance coverage provided by the Woonsocket Education Department and the City of Woonsocket (hereafter collectively the “City”) to those City retirees and their beneficiaries (hereafter “Retirees/Beneficiaries”) who retired as of June 30, 2013;

WHEREAS, one mandated change is that Retirees/Beneficiaries make specified contributions to the cost of their health insurance;

WHEREAS, these contributions are an amount equivalent to a specified percentage of the applicable and current working rate, as established annually, and as set forth in paragraphs 2 through 6 in the Second Amended Retiree Resolution (July 29, 2013);

WHEREAS, the Budget Commission and the City implemented the Retiree Resolutions by, *inter alia*: issuing customized written notices to Retirees/Beneficiaries outlining the changes to their health insurance coverage; and by administering an open enrollment period allowing enrollment and election changes in response to the changes as mandated by the Retiree Resolutions;

WHEREAS, commencing in July 2013, the Budget Commission and the City continued the implementation of the Retiree Resolutions by issuing to each Retiree/Beneficiary in arrears written notices requesting payment of their applicable pro-rated annual contributions;

WHEREAS, the Budget Commission hereby seeks to notify Retirees/Beneficiaries of the process by which their health insurance coverage shall be terminated and reinstated at a future date;

NOW, THEREFORE, BE IT RESOLVED BY THE WOONSOCKET BUDGET COMMISSION AS FOLLOWS:

1. Payments Due in Advance: The applicable pro-rated annual contribution shall be due in monthly installments, and must be paid to the City in advance by no later than the first (1st) day of each month (the “Due Date”);
2. Termination of Coverage for Nonpayment: The Retirees/Beneficiaries shall at all times be obligated to notify the City promptly of any change in mailing address.
 - a. First Notice: In the event that any Retiree/Beneficiary fails to make timely payment of his or her contribution, the City shall send written notice to the Retiree/Beneficiary at the last mailing address on file, demanding payment of the amount past due (“First Notice”).
 - b. Second Notice: If the Retiree/Beneficiary fails to make payment within one calendar month after the Due Date, and provided that the First Notice has been sent, the City shall send a second written notice to the Retiree/Beneficiary, stating that the insurance coverage of the Retiree/Beneficiary shall be terminated, effective on the date that is the 1st day of the second calendar month after the Due Date (“Second Notice”).
 - c. Termination Date: The insurance coverage of the Retiree/Beneficiary shall thereafter be terminated by the City, as provided in the Second Notice, unless the Retiree/Beneficiary tenders full payment to the City prior to the date of termination in an amount comprised of all of the following installments:
 - i. the first installment which was the subject of the First Notice;

- ii. the next and second installment which came due during the notice period and/or all subsequent installments that came due during the notice period; and;
 - iii. the next applicable monthly installment, to be paid in advance as required under paragraph (1).
- 3. Reinstatement of Coverage after Termination for Nonpayment: In the event that the insurance coverage of a Retiree/Beneficiary is terminated in accordance with paragraph 2, the Retiree/Beneficiary shall thereafter and forever be deemed ineligible for insurance coverage through the City unless the Retiree/Beneficiary tenders full payment to the City as described in paragraph 2(c)(i), (ii), and (iii) above, and provided that the Retiree/Beneficiary remains otherwise eligible for health insurance coverage through the City.
- 4. Date of Reinstatement: The effective date of the reinstatement of coverage shall be determined as follows:
 - a. If the Retiree/Beneficiary experiences a Qualifying Event as defined by the insurance provider, the effective date shall be the first (1st) day of the first (1st) calendar month following the Qualifying Event; or
 - b. If the Retiree/Beneficiary does not experience a Qualifying Event as defined by the insurance provider, the effective date shall be the first (1st) day of the first (1st) calendar month following the close of the City's next open enrollment period, which shall take place annually.
- 5. Attachment 1 illustrates the process set forth in paragraphs 1-4, and shall be used as a guide in implementing those provisions.

6. Voluntary Termination of Coverage: Any Retiree/Beneficiary whose insurance coverage through the City was not terminated for non-payment, but who elected to terminate that coverage, and who thereafter seeks to enroll or re-enroll should the need arise, and who remains eligible for such coverage through the City, shall be allowed to enroll or re-enroll after a Qualifying Event or during open enrollment, whichever is applicable, as determined and defined by the insurance provider.
7. Resolution Inapplicable: Should any Retiree/Beneficiary fully execute an agreement with the Budget Commission, or with the Budget Commission, City of Woonsocket, and Woonsocket Education Department, which agreement provides specific terms for termination of health insurance coverage after nonpayment and/or reinstatement of coverage after termination for nonpayment, then this Resolution shall not apply to that Retiree/Beneficiary signatory; instead, the terms of said agreement shall control.
8. Effective Date: This Resolution shall be effective July 1, 2013 upon approval by the Woonsocket Budget Commission.

Dated: 9/23/13

By: *Ilina Dutta*

For the Woonsocket Budget Commission

ATTACHMENT 1

The following hypothetical shall serve as a guide for implementation of provisions in the Woonsocket Budget Commission Resolution Regarding Termination and Reinstatement of Health Insurance for Retirees.

Termination: Let's assume that the Retiree fails to make payment of his or her monthly contribution to the annual cost of health insurance, as determined by the working rate established at the start of the fiscal year (which runs from July 1st through June 30th of the following year). In particular, let's assume that he or she misses the Due Date of May 1, 2014. The City shall send to the Retiree a:

1. First Notice requesting payment of the outstanding contribution, and if thereafter the Retiree still fails to make payment by June 1st, then a
2. Second Notice stating that the Retiree's coverage will be terminated effective July 1st.

If the Retiree Party thereafter fails to make 2 retroactive monthly payments by June 30th, for his or her contribution for each of May 2014 and June 2014, and 1 monthly payment by July 1st, for July 2014, then his or her health insurance through the City shall be terminated as of July 1, 2014.

Reinstatement: The City shall reinstate the Retiree's coverage if he or she remains otherwise eligible, conditioned upon one of two scenarios, as follows:

1. Qualifying Event: Let's assume that the Retiree whose health insurance has been terminated experiences a Qualifying Event in January 2015. That Retiree can be reinstated with coverage effective February 1, 2015, provided that he or she makes 2

retroactive payments to the City on or before January 31, 2015, for his or her contribution for each of May 2014 and June 2014, and 1 monthly payment by February 1st for February 2015. The Retiree was not insured through the City for the months of July, August, September, October, November, December 2014, and January 2015.

2. No Qualifying Event: Let's assume that the Retiree whose health insurance has been terminated requests reinstatement in January 2015 but does not experience a Qualifying Event. The Retiree cannot be reinstated until after the next open enrollment period. Let's assume that the open enrollment period runs from May 15th through June 30th each year. The Retiree can be reinstated with coverage effective July 1, 2015, provided that he or she makes 2 retroactive payments to the City on or before June 30, 2015, for his or her contribution for each of May 2014 and June 2014, and 1 monthly payment by July 1st for July 2015. The Retiree was not insured through the City for the months of July, August, September, October, November, and December 2014, and for January, February, March, April, May, and June 2015.