

**12.0800 RETIREE HEALTH INSURANCE COVERAGE & COSTS ORDINANCE
TOWNSHIP OF GRAND HAVEN, MICHIGAN
ord. no. 352 eff. Sept. 29, 2001**

An Ordinance to establish retiree health insurance coverage under the group insurance plan purchased by Grand Haven Charter Township pursuant to the Township’s Group Insurance Plan Ordinance, as amended or restated; to establish eligible retirees; to establish additional eligible persons; to address coverage election, premium payments, termination or limitation of coverage, and coverage and policy limitations; to repeal any ordinances in conflict; and to establish an effective date.

THE TOWNSHIP OF GRAND HAVEN, OTTAWA COUNTY, MICHIGAN
ORDAINS:

12.0801 Sec. 1 APPLICATION

This Retiree Health Insurance Coverage and Costs Ordinance (the “Ordinance”) applies to the Group Insurance Plan (the “Plan”) purchased by Grand Haven Charter Township (the “Township”) pursuant to the Township’s Group Insurance Plan Ordinance, as amended or restated (the “Insurance Ordinance”).

12.0801A Sec. 1A POTENTIAL ELIGIBLE RETIREES

In order to be considered an Eligible Retiree under this Ordinance, a Township employee must first qualify as a Potential Eligible Retiree. Potential Eligible Retirees are non-union (i.e., not members of a collective bargaining unit of Township employees) Township employees hired by the Township for an indefinite period and on the Township's active employment roll for 40 hours per week, 52 weeks per year, on or before February 28, 2014, who have retired from active Township employment on or before February 28, 2015. For purposes of this Ordinance, the following is an exhaustive list of all of the former Township employees who qualify as Potential Eligible Retirees.

Boomgaard, Bette	Schreiber, Gary
French, Terry	VanOordt, Norma

Union (i.e., members of a collective bargaining unit of Township employees) Township employees shall be entitled to retiree health insurance coverage and benefits which are negotiated with and agreed upon by the Township and the union. (amend by ord. no. 522 eff. April 20, 2014; amend. by ord. no. 533 eff. April 19, 2015)

12.0802 Sec. 2 ELIGIBLE RETIREES

In order to be considered an Eligible Retiree under this Ordinance, an employee of the Township must reach at least sixty (60) years of age, either during or after employment with the Township, and must terminate Township employment after accumulating at least fifteen (15) years of service. For purposes of this Ordinance,

a "year of service" shall be defined as a calendar year during which an employee has at least one thousand five hundred (1,500) paid hours, including paid hours while actively working, paid vacation leave, paid sick leave, paid bereavement leave, or any other paid leave. This year of service may be less than a whole calendar year if the employee worked a prorated amount of the one thousand five hundred (1,500) paid hours during a fraction of the calendar year. *(For example, if an individual was hired as a full-time employee in June and had at least 800 paid hours, they would be credited with one-half of a year of service.)* Further, in order to be an Eligible Retiree, the employee must have been covered by the Plan as an active employee immediately prior to the employee's termination from the Township.

If an employee is permanently and totally disabled while employed by the Township and after having at least fifteen (15) years of service with the Township, the employee and the employee's spouse, if any, shall be treated as if the employee is an Eligible Retiree with at least thirty (30) years of service. For purposes of this Ordinance, an employee shall be considered "disabled" if the employee is "disabled" under the Township's long term disability insurance plan. (amend by ord. no. 462 eff. Dec. 1, 2008)

12.0803 Sec. 3 ADDITIONAL ELIGIBLE PERSONS

The only other persons eligible to receive benefits pursuant to this Ordinance are the spouses of Eligible Retirees, if the spouses are specifically identified by the Eligible Retirees at the latter's retirement.

12.0804 Sec. 4 COVERAGE ELECTION

Immediately upon retirement, an Eligible Retiree must elect to continue coverage under the Plan without interruption. Further, the Eligible Retiree must specify if the Eligible Retiree's spouse will likewise continue coverage under the Plan without interruption.

12.0805 Sec. 5 PREMIUM PAYMENTS

The premium payments to continue coverage in the Plan for an Eligible Retiree and the Eligible Retiree's spouse, if any, shall be paid as follows. Any portion of the premium payments to be paid by the Eligible Retiree must be timely deposited with the Township; failure of the Eligible Retiree to timely deposit the full amount due from the Eligible Retiree shall terminate the Township's obligation to pay its share of the cost and shall terminate the Eligible Retiree's, and any spouse's, continued coverage in the Plan.

1. For an Eligible Retiree, the Township shall pay a percentage of the cost for the Eligible Retiree to continue coverage in the Plan, and a percentage of the cost for the Eligible Retiree's spouse, if any, to continue coverage in the Plan. The percentage paid by the Township shall depend on the Eligible Retiree's years of service with the Township, and shall be determined according to the following table.

Years of Service	Eligible Retiree Percentage Paid by the Township	Spouse Percentage Paid by the Township
15	70%	50%
16	72%	52%
17	74%	54%
18	76%	56%
19	78%	58%
20	80%	60%
21	82%	62%
22	84%	64%
23	86%	66%
24	88%	68%
25	90%	70%
26	92%	72%
27	94%	74%
28	96%	76%
29	98%	78%
30	100%	80%

2. The percentage of the premium payments paid by the Township for an Eligible Retiree shall remain constant during the Eligible Retiree's continued coverage in the Plan.

3. When an Eligible Retiree and the Eligible Retiree's spouse both continue coverage in the Plan, the Plan charges a premium for double coverage. In that event, the Eligible Retiree portion of the premium for double coverage shall equal the premium charged for continued coverage in the Plan by the Eligible Retiree alone (i.e., a single coverage premium). The Eligible Retiree's spouse portion of the premium for double coverage shall equal the balance of the premium charged for double coverage (i.e., the premium for double coverage of the Eligible Retiree and the Eligible Retiree's spouse minus the single coverage premium that would be charged for the Eligible Retiree alone; the difference shall be the portion of the premium for double coverage assigned to the Eligible Retiree's spouse.)

4. The Township shall pay a percentage of the premium payments for an Eligible Retiree's spouse, if any, during the balance of the calendar year

during which the Eligible Retiree's retirement occurred, according to the table in (a) above. On each January 1 after the Eligible Retiree's retirement from the Township, the dollar amount which the Township pays for the next 12 months (i.e., until the next January 1) for the Eligible Retiree's spouse, if any, shall be recomputed. The maximum amount the Township shall pay for the Eligible Retiree's spouse, if any, for the next calendar year shall be the dollar amount per month during the just-completed calendar year plus the cost of living increase during that just-completed calendar year. The cost of living increase shall be measured according to the Consumer Price Index for All Urban Consumers, U.S. City Range for the Items (CPI-U, 1982-1984 = 100), determined from data maintained and published by the Bureau of Labor Statistics, United States Department of Labor, or a recognized successor. Any balance of the premium payments above the maximum the Township pays shall be paid by the Eligible Retiree in order to continue coverage in the Plan for the Eligible Retiree's spouse, if any.

EXAMPLE

- (a) Eligible Retiree retires on July 17, 2009, after 23 years of service.
- (b) The Township pays 86% of Eligible Retiree's premium payments for continued coverage in the Plan.
- (c) The Township pays 66% of premium payments for the Eligible Retiree's spouse.
- (d) If the premium payments for the Eligible Retiree's spouse to remain in the Plan as of July 17, 2009 are \$150.00 per month, the Township shall pay 66%, or \$99.00 per month.
- (e) If the cost of living during 2009 is 3.5%, the monthly premium payment the Township will make for the Eligible Retiree's spouse shall be increased to \$102.46 (i.e., \$99.00 x 1.035) during 2010.
- (f) If the cost of living during 2010 is 4.0%, the monthly premium payment the Township will make for the Eligible Retiree's spouse shall be increased to \$106.56 (i.e., \$102.46 x 1.04) during 2011.

(amend. by ord. no. 462 eff. Dec. 1, 2008)

12.0806 Sec. 6 TERMINATION OR LIMITATION OF COVERAGE

- 1. The continued coverage of the Eligible Retiree in the Plan shall cease, or the coverage for the Eligible Retiree shall not be initiated, upon the occurrence of either of the following events:

- A. The Eligible Retiree becomes eligible to be covered under a group hospital-medical insurance program provided by another employer, for whom the Eligible Retiree is working or has worked; or
 - B. The Eligible Retiree dies (in which case the cessation or non-initiation of coverage shall be permanent).
2. In order to initiate or reinstate continued coverage in the Plan, the Eligible Retiree must submit to the Township an affidavit confirming that the Eligible Retiree is not eligible or is no longer eligible to be covered under a group hospital-medical insurance program provided by another employer for whom the Eligible Retiree is working or has worked. The Township may require the Eligible Retiree to submit an updated affidavit at reasonable intervals or at any time the Township has reason to believe the Eligible Retiree is eligible to be covered under a group hospital-medical insurance program provided by another employer for whom the Eligible Retiree is working or has worked.
3. The continued coverage for any spouse of an Eligible Retiree shall cease, or the coverage for the spouse shall not be initiated, upon the occurrence of any of the following events:
 - A. The spouse has coverage under another group hospital-medical insurance program by another employer;
 - B. The Eligible Retiree becomes eligible to be covered under a group hospital-medical insurance program provided by another employer, for whom the Eligible Retiree is working or has worked; or
 - C. The spouse dies.
4. In order to initiate or reinstate continued coverage in the Plan, the spouse must submit to the Township an affidavit confirming that the spouse does not have coverage or no longer has coverage under another hospital-medical insurance program provided by another employer. The Township may require the spouse to submit an updated affidavit at reasonable intervals, or at any other time the Township has reason to believe the spouse has coverage under another hospital-medical insurance program provided by another employer.
5. Once the Eligible Retiree and any spouse attain the age of sixty-five (65) and become eligible for Medicare, they may continue coverage in the Plan, but their continued coverage shall be limited to the Medicare supplement or filler coverage. The portion of the cost for the coverage to be paid by the Township shall correspond to the applicable percentages according to the table in Section 5.1 above; the percentages shall remain

constant during the continued coverage of the Eligible Retiree and any spouse. (amend. by ord. no. 462 eff. Dec. 1, 2008)

12.0807 Sec. 7 COVERAGE AND ORDINANCE LIMITATIONS

To the extent continued coverage in the Plan is provided to Eligible Retirees and any spouses, the coverage is subject to all the terms and conditions prescribed by the Insurance Ordinance and/or carrier pertaining to the Plan.

The coverage described in this Ordinance shall only be available if and when it is allowed by the Insurance Ordinance and/or carrier pertaining to the Plan.

The Township reserves the right to revise or terminate this Ordinance at any time, according to its discretion.

The Township reserves the right to change insurance policies and/or carriers pertaining to the Plan at any time, according to its discretion.

12.0808 Sec. 8 REPEAL

All ordinances or parts of ordinances which are in conflict with the provisions of this Ordinance are repealed to the extent of such conflict.

12.0809 Sec. 9 EFFECTIVE DATE

This Ordinance was approved and adopted by the Township Board of the Charter Township of Grand Haven, Ottawa County, Michigan, on September 24, 2001, after introduction and a first reading on September 10, 2001, and publication after such first reading as required by Michigan Act 359 of 1947, as amended. This Ordinance shall be effective on September 29, 2001, which date is at least one day after publication of the Ordinance.