



## CITY COUNCIL DIRECTED POLICY

### Policy # 25-xxmd

**TO:** Regular Employees Hired **Prior to October 25, 2010** **FROM:** Jesus Merejo, City Manager

**DATE:** September 13, 2025

**INITIATED BY:** Human Resources

**POLICY TITLE: Monetary Subsidy for Retiree Health Insurance Coverage (Subsidy Policy)**

#### PURPOSE STATEMENT

To set forth the eligibility criteria for the receipt of a post-employment health insurance monetary subsidy.

#### APPLICABILITY

This Subsidy Policy is **only** applicable to Employees hired prior to October 25, 2010, and who remained employed on or after October 25, 2010. Any Employee not meeting this service requirement (*i.e.*, hired or rehired after that date) is excluded from this policy. See Resolution 10-R83.

#### AUTHORITY

This policy is adopted pursuant to, and in accordance with:

Section 112.0801, Florida Statutes, which permits the City to subsidize retiree health insurance, with the amount of contribution to be wholly determined by the City; and

Resolution 10-R83 and Section 4.04 of the City Charter.

#### DEFINITIONS

**Effective Date:** The initial effective date of this policy was October 1, 2005.

**Employee:** All regular employees in service of the City classified as full time sworn police officers and non-sworn (*i.e.*, civilian) employees. "Employee" shall exclude temporary, seasonal, contractual and/or limited term employees.

**End Date:** The end date of eligibility for the Subsidy was October 25, 2010. Any individual hired on or after the end date is ineligible to receive a post-employment health insurance subsidy. See Resolution 10-R83.

**Good Standing:** An Employee who permanently separates from service as a result of being laid off, by resigning with the requisite notice, by retiring, or by separation without cause. See Personnel Rules and Regulations.

**Retiree:** For purposes of determining eligibility for the Subsidy, a retiree shall be defined as an employee who, upon leaving the City in good standing, meets the qualifications under (1) Retiree Health Insurance Coverage For Those Hired Prior to 7/12/10 [see Policy #25-xxxx]; or (2) Retiree Health Insurance Coverage For Those Hired On or After 7/12/10 (Rule of 62) [see Policy #25-xxxx].

**Retirement:** Whenever an Employee meets the conditions set forth for retirement and elects to retire from active City employment.



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**Subsidy:** Monetary assistance provided by the City, to those eligible employees hired prior to October 25, 2010 meeting the “retiree” criteria of the City, to be used solely towards payment of Retirees’ contributions to applicable health insurance premiums.

**Subsidy Method:** The formula used to determine the amount of the Subsidy each year. The Subsidy is equal to 5% of the monthly projected cost of retiree health insurance for single coverage multiplied by the number of years of eligible service, with a maximum multiplier of 16 years of service. The monthly projected cost is established each year by the City.

*Example (for illustrative purposes only):* A 68-year-old civilian employee retired in 2023 with 14 years of service. In 2023, the projected cost of single coverage for retirees was \$851.62. The subsidy is therefore calculated as follows:  $851.62 \times 5\% = 42.58 \times 14$  (years of service) = \$425.81.

**Subsidy Maximum:** The subsidy amount shall be capped at 80% of the monthly projected cost of retiree health insurance for single coverage. Notwithstanding the foregoing, for those employees meeting the retiree eligibility **and** having a work-related permanent disability, the amount shall be capped at 100% of the employer cost.

*Example (for illustrative purposes only):* In 2022, the projected cost of single coverage for retirees is \$851.62. The subsidy therefore was capped at \$681.30 ( $851.62 \times 80\%$ ). In 2023, the projected cost of single coverage for retirees is \$899.60. The subsidy cannot therefore exceed \$719.68 ( $899.60 \times 80\%$ ).

## POLICY

### **Single Coverage Costs**

*The Subsidy shall only be given to eligible employees; dependent(s) are ineligible. The Subsidy may be utilized to pay for the continuation of coverage on the City’s health insurance plan or for participation in health plans other than the City’s plan. However, should the employee elect to retain dependents (i.e., spouse or children) on the health plan, the employee shall be required to pay 100% of the cost of said coverage balance<sup>1</sup>. The subsidy shall only apply to the cost of employee’s coverage.*

### **Election of Type of Monetary Subsidy**

Employees hired *before* October 25, 2010 who meet the criteria for the Subsidy at retirement may be eligible for one of the following options:

- (1) Remain on the City’s health plan and utilize the Subsidy as a credit towards a reduction of the total cost of the Retiree Health Insurance coverage; or

<sup>1</sup> Health Insurance coverage at the time of retirement shall mirror the coverage election made by the employee during the immediately prior open enrollment period. Coverage elections may not be changed at the time of retirement. For example, if the employee maintained employee only coverage at the time of retirement that will be the only option for coverage available to the employee (i.e., dependents **may not** be added at the time of retirement).



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- (2) Receive direct reimbursement of the eligible subsidy amount. Proof of coverage shall be required to be submitted to the City's Human Resources Department on an annual basis (see "Proof of Coverage" below).

The retired employee must elect the desired option at the time of retirement. Any changes to the selection will be applied on the first of the month following election. If the employee initially elects to remain on the City's plan and receive a reduction in premium cost, the employee may later elect to change subsidy plans and receive the direct reimbursement with proof of coverage required. However, **there can be no lapse in, or termination of, medical coverage; any lapse in, or termination of, medical coverage will result in cessation of the subsidy and the employee shall be ineligible to receive future payments.** Additionally, if the employee elects to come off of the City's health plan, they may **not** later resume participation in said plan.

#### **Requirements for Participation**

To be eligible to receive the Subsidy, the employee must satisfy the following requirements:

1. *Age Requirement.* The employee must be at least 52 years of age at the time of retirement if a sworn law enforcement officer. For all civilian employees, the employee must be at least 55 years of age; AND
2. *Service Requirement.* The employee must meet or exceed one of the following service parameters:
  - a. 10 years of continuous full-time service, calculated from the original date of hire; **or**
  - b. A minimum of 5 years of continuous full-time service **and** a maximum of 10 years of continuous part-time service. For the purposes of meeting this parameter, each 2 years of eligible part-time service shall equal 1 year of full-time service (*e.g.*, 10 years of continuous PT service shall amount to 5 years of continuous FT service). All years of service shall be calculated from the original date of hire.

#### **Subsidy Terminated if Reemployed With City After Retirement**

If a Subsidy recipient is reemployed by the City and elects benefits, the Subsidy shall terminate, and the individual will no longer be eligible for the Subsidy. The sole exception to this rule is as follows:

- Subsidy payments shall pause for the duration of reemployment and shall commence upon subsequent separation so long as the individual leaves service in Good Standing, and all of the following apply:
  - At the time of initial retirement, the employee held a senior management position (*e.g.*, Deputy Director or above); or a position or skill set that is deemed by the City Manager as specialized and necessary and beneficial to the City; and
  - The City must pursue the former employee and request their return to service (*i.e.*, employees seeking reemployment of their own volition are not eligible); and



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- At the time of rehire, the employee must return to their former position, a position in a higher classification, or a position requiring the specialized skill set of the employee, as determined by the City Manager; and
- The timeframe in which the employee may be rehired, post initial retirement, shall be at the discretion of the City Manager; **AND**
- The employee elects to participate in the City's group health insurance plan.

Upon return to full-time service, the employee shall be eligible to participate in the various group benefit plans offered to all full-time employees including health insurance, dental insurance, vision insurance, etc. after all applicable waiting periods.

Should the employee elect benefits, subsidy payments shall cease until such time as the employee subsequently separates from City service.

If the employee waives all benefits offered by the City and maintains their current non-City health plan coverage, then the Subsidy shall continue.

The employee shall not be required to requalify as a retiree under the then existing Retiree Policy as their retiree status was held in abeyance.

The provisions applying to the reemployment of a retired employee shall not apply retroactively.

**Participation Requirements:** In addition to the above requirements, at the time of initial retirement a civilian employee must also be a current, active, participant in the City's retirement plan (401A), or if a sworn law enforcement officer a member of the City's Municipal Police Officers Retirement Trust Fund. The employee must also be a participant in the City's Health Insurance Plan at the time of initial retirement. Further, upon reaching the age of Medicare eligibility, or becoming otherwise eligible for Medicare, the Retiree **must** elect, and maintain, Medicare Parts A (Hospital Coverage) and B (Medical Coverage) as their **primary** coverage.

Upon the death of the employee, all subsidy benefits shall cease as of the date of death. The subsidy benefit is **not** transferable to dependents or beneficiaries.

#### **Proof of Coverage Requirements:**

Proof of medical coverage, including but not limited to Medicare card(s), must be submitted to the City on an annual basis by September 1<sup>st</sup>, but in no event later than September 30<sup>th</sup>. Should the City not receive proof of coverage by the date specified, the Subsidy eligibility shall be deemed terminated and the employee shall be ineligible to receive future payments.

Additionally, proof of payment evidencing current policy coverages in good standing must be submitted to the City on an annual basis by no later than January 10<sup>th</sup>. Should the City not receive proof of payment evidencing active coverage in good standing, the employee shall be issued a 1099 and all sums received under this Subsidy Policy shall be deemed taxable income to the extent allowed by law.

For further information regarding benefits at the time of retirement, please contact Human Resources at (772) 344-4335.