

Subject: Retiree and Annuitant Health Insurance

Summary: Procedures for the administration of the health insurance benefits for retirees and annuitants.

Details: The following eligibility requirements and procedures apply to the health insurance program for retirees and annuitants. These eligibility requirements reflect the Board of Commissioner's deliberations on the subject and have been approved by the Executive Director.

A. Definitions

Annuitant: An individual eligible to receive a monthly payment from the MWRD Retirement Fund as a retired employee, surviving spouse, child, reversionary or QILDRO recipient pursuant to 40 ILCS 5/1-119, 5/13-301, 303, 305, 308, or 314.

Civil Union Partner: A person with whom the annuitant entered into a civil union as defined by 750 ILCS 75 prior to retirement. Unions performed in other states will also be recognized.

Dependent: The spouse, domestic partner, civil union partner, children, or step-children of the annuitant.

Domestic Partner: A person with whom the annuitant was in a cohabiting relationship prior to retirement who qualified for District-sponsored health insurance per the District's Administrative Procedure 10.3.0.

Employee: An employee of the District as defined in 40 ILCS 5/13-204.

Retiree: A former employee of the District who is receiving an annuity pursuant to 40 ILCS 5/13-301 or 314.

Surviving Spouse: The legal spouse of an employee or retiree who qualifies for an annuity under 40 ILCS 5/13-305.

B. Eligibility

Only individuals who are receiving regular annuity payments from the MWRD Retirement Fund (Fund) are eligible for coverage under a District-sponsored health plan.

For all represented and non-represented employees hired after July 1, 2005, only retirees with at least 10 years of actual District service are eligible for coverage under a District-sponsored health plan.

For all Commissioners of the District, only retirees with at least six years of District service credit as a Commissioner for the District at the time of retirement are eligible for coverage under a District-sponsored health plan.

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Reciprocal retirees whose final employer was not the District may enroll in a District-sponsored health plan only if the retiree has 10 or more years of service with the District.

Neither reversionary annuitants nor alternate payees receiving a portion of the retiree's annuity pursuant to a QILDRO may enroll in a District-sponsored health plan.

Eligible annuitants may cover their dependents subject to the eligibility provisions of the District-sponsored health coverage with the insurance carrier with the following limitations:

- a. Spouses from marriages after the effective date of retirement are not eligible. This also applies to civil unions or domestic partnerships entered into after the annuity effective date.
- b. Coverage for child annuitants lasts until annuity eligibility ends.
- c. Child annuitants may not cover any dependents.
- d. Surviving spouse annuitants cannot cover step-children from marriages after the annuity effective date.

If the retiree is not eligible for health coverage, the surviving annuitant would also not be eligible for health coverage under the District-sponsored health plan.

For a death in service, the surviving spouse will be eligible for health benefits under a District-sponsored plan only if that surviving spouse is eligible for an annuity from the Fund.

C. Mandatory Medicare Enrollment

Effective January 1, 1996 (September 1, 2004 for HMO participants), all retirees and their spouses are required to enroll in Medicare (Part A and B) once they become Medicare-eligible at age 65. Enrollment is also required if the retiree, their spouse, or dependent child becomes Medicare-eligible prior to age 65 due to a disability. Employees are advised of this policy at the time of retirement by MWRD Retirement Fund staff.

Retirees and their spouses are required to provide evidence of full Medicare coverage (Part A and B) in order to be eligible for coverage under a District-sponsored health plan. Those who are not eligible for Medicare must provide official documentation to that effect from the Social Security Administration. Failure to provide this documentation will preclude the retiree or spouse from enrolling in a District-sponsored health plan.

If a retiree or their spouse/dependent under the age of 65 is enrolled in Medicare due to disability or other qualifying circumstances and their Medicare eligibility is terminated for reasons other than non-payment of premiums, they would be eligible for coverage under a District-sponsored health plan. These individuals must provide official documentation from the Social Security Administration to that effect. These individuals will be required to re-enroll in Medicare should their eligibility change due to age or otherwise.

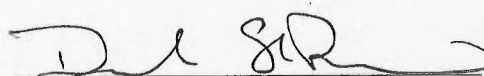
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D. Membership and Plan Changes

The following requirements will apply to all membership or plan changes for retiree health coverage:

1. Annuitants who are receiving annuity payments from the Fund that are insufficient to cover the monthly cost of their health insurance coverage may make direct payments to the Fund to cover the balance of their premiums and maintain membership in the plan.
2. HMO enrollees may switch to a PPO plan option if they move out of the HMO service area.
3. Annuitants may make plan changes during the annual open enrollment period for District employees.
4. Annuitants will be allowed to enroll in a District-sponsored health plan at any time, or effect a membership change, if it is caused by a change in their employment status, or that of a spouse (i.e. retiree was previously covered under spouse's health plan). Documentation of the qualifying event must be provided.
5. Annuitants, including reciprocal retirees, who have dropped their coverage for any reason may re-enroll only once, and then only during the District open enrollment period.

Sincerely,



David St. Pierre, Executive Director

BKS