

**GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT**

**RESOLUTION NO. 2013-057**

**APPROVE A CHANGE TO THE HEALTH AND BENEFITS INSURANCE PLANS  
FOR NON-REPRESENTED EMPLOYEES  
RELATIVE TO OPTING OUT OF DISTRICT COVERAGE**

June 14, 2013

**WHEREAS**, the Board of Directors (Board) of the Golden Gate Bridge, Highway and Transportation District (District) provides a Health and Benefits Insurance Plans for eligible District employees, which includes medical, dental and vision insurance and other miscellaneous coverages; and,

**WHEREAS**, over the past several years, the District received various inquiries from employees, who were already covered by Plans through a spouse or partner, as to whether the District offered an "Opt-out" Program (Program); and,

**WHEREAS**, in response to this inquiry, staff explored this option and drafted a proposed Program, included herein as an Attachment; and,

**WHEREAS**, the proposed Program will allow eligible, non-represented employees, who have available to them an employer-sponsored Plan from either a spouse or partner, to opt-out of their District Plans in exchange for an incentive payment of \$400.00 per month, which would be prorated and reimbursed on the employee's paycheck each month, and would only be payable when an employee is on the payroll; and,

**WHEREAS**, the incentive payments are taxable income, but will not be reportable compensation for purposes of participating employees' CalPERS retirement benefits; and,

**WHEREAS**, the proposed Program will not allow employees to change their election for that year unless the employee experiences a qualifying change as permitted under the District's Plans; and,

**WHEREAS**, in FY 12/13, the District's COBRA rate for family coverage ranged from \$24,200.00 to \$33,300.00 annually and the "Employee Plus One" coverage ranged from \$16,800.00 to \$23,600.00 annually; and,

**RESOLUTION NO. 2013-057**  
**BOARD OF DIRECTORS MEETING OF JUNE 14, 2013**  
**PAGE 2**

**WHEREAS**, while the fiscal impact cannot be precisely calculated, since it shall depend on the number of opt-out requests submitted by District employees, staff notes that if five non-represented District employees participated in the proposed Program, the District would save approximately \$90,000.00 per year; and,

**WHEREAS**, the Rules, Policy and Industrial Relations Committee at its meeting of June 14, 2013, has so recommended; now, therefore, be it


**RESOLVED** that the Board of Directors of the Golden Gate Bridge, Highway and Transportation District hereby approves a change to the Health and Benefits Insurance Plans (Plans) by providing an "Opt-out" Program for eligible, non-represented employees, who have available to them an employer-sponsored Plans from either a spouse or partner, allowing the employee to opt-out of the District's coverage in exchange for a monthly incentive payment of \$400.00, effective September 1, 2013.

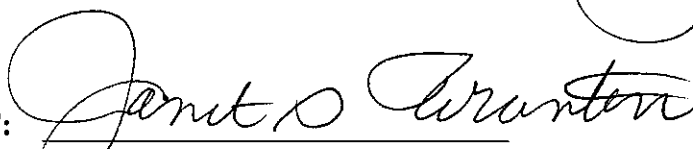
**ADOPTED** this 14<sup>th</sup> day of June 2013, by the following vote of the Board of Directors:

**AYES (15):** Directors Arnold, Belforte, Breed, Cochran, Moylan, Pahre, Reilly, Sears, Snyder, Sobel, Theriault and Yee; Second Vice President Stroeh; First Vice President Grosboll; President Eddie

**NOES (0):** None

**ABSENT (4):** Directors Campos, Fredericks, Rabbitt and Wiener

  
**James C. Eddie**  
**President, Board of Directors**

**ATTEST:**   
**Janet S. Tarantino**  
**Secretary of the District**

Attachment - Draft Policy for Health Insurance Opt-Out Program

**Golden Gate Bridge, Highway and Transportation District  
Health Insurance Opt-Out Program**

This District's Health Insurance Opt-Out Program ("Opt-Out Program") is effective September 1, 2013.

**A. Eligibility**

A non-represented District employee who is eligible to participate in the District's health care insurance plans is an "Eligible Employee" and may choose to participate in the District's Opt-Out Program in accordance with this policy, the "Golden Gate Bridge, Highway and Transportation District Pre-Tax Premiums & Flexible Spending Account Benefits Plan" (the "Cafeteria Plan"), and any applicable procedures that the District may require in its sole discretion, all as amended from time to time.

**B. Cash-Out Option**

The Opt-Out Program allows Eligible Employees who have other major medical insurance coverage to elect (during each annual open enrollment period or when otherwise first eligible to participate in the District's health insurance plans) to receive cash in lieu of District-provided health insurance benefits. Eligible Employees who elect the cash option and meet the opt-out requirements set forth below, will receive a monthly cash payment in the amount of \$400.00. The District will pay the \$400.00 monthly opt-out payment on the second paycheck of the calendar month to each participating employee. The monthly opt-out payment is taxable income and is subject to applicable tax withholdings. It not reportable compensation for purposes of a participating employee's CalPERS retirement benefits.

**C. Requirements**

Eligible Employees must meet the following requirements to elect and receive the opt-out payments in lieu of District-provided health insurance coverage:

1. The Eligible Employee must decline coverage under (i.e., "opt-out" of) all District-provided medical, dental, and vision insurance plans.
2. The Eligible Employee must provide satisfactory evidence of his or her current enrollment in other major medical insurance or must provide evidence that he or she will be enrolled in other major medical insurance as of the first day of the month that his or her opt-out payments will begin, in the form and manner that the District requires.
  - a. Examples of satisfactory evidence will include the following: (i) a valid copy of the employee's medical insurance card evidencing current coverage, or (ii) a signed letter from the insurance company through which the employee has coverage stating the name of the plan and the date coverage is or will be effective (or the equivalent from the employer who sponsors the medical insurance coverage under which the Eligible Employee is or will be covered). The District reserves the right to accept other forms of evidence that the District in its sole discretion deems to be satisfactory.
  - b. In the case of open enrollment, the Eligible Employee must submit satisfactory evidence to the District by the end of the open enrollment period deadline date that the District establishes. In all other cases, the Eligible Employee must submit the evidence by the end of the period in which the employee has to enroll in the District's health insurance plans in accordance with the governing plan documents.
  - c. Eligible Employees do not need to provide proof of other dental or vision insurance coverage to participate in the Opt-Out Program.

**D. Mid-Year Election Changes**

Once enrolled in the District's Opt-Out Program during a plan year, an employee may not change his or her election to participate in the Opt-Out Program for that year unless the employee experiences a qualifying change event as permitted under the District's Cafeteria Plan, and subject to the governing documents of the District's health plans (e.g., a loss of alternate medical coverage). The mid-year election change must be as a result of — and consistent with — the qualifying change event.

**E. Termination of Opt-Out Payments**

A participating employee's monthly payments will end upon (1) the date the participating employee becomes covered under a District health insurance plan, (2) the last day of the month in which an employee terminates employment or is otherwise no longer an Eligible Employee, or (3) the date the District terminates the program. Otherwise the employee's monthly opt-out payments will end on June 30th (the end of the District's health insurance benefits plan year), unless the employee re-elects to participate in the Opt-Out Program for the next plan year during the District's annual open enrollment period. To re-elect participation, an Eligible Employee must once again meet the requirements in Section C.

**F. Reservation of Rights**

The District in its sole discretion, and upon approval by the Board of Directors, may modify, amend, or terminate the Opt-Out Program at any time. No individual has a vested right to any of the benefits provided under this program. Nothing in this policy gives any individual the right to continued Opt-Out Program benefits beyond the time the District modifies, amends, or terminates the benefits.