

**CITY OF OAKWOOD  
ADMINISTRATIVE POLICIES AND PROCEDURES**

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**POLICY NO. 21**

**SUBJECT: HEALTH INSURANCE WAIVER COMPENSATION POLICY**

**DATE: JANUARY 10, 2013**

**RECOMMENDED BY:**

  
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**JAY WEISKIRCHER, ASSISTANT CITY MANAGER**

**APPROVED AS TO  
FORM:**

  
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**ROBERT JACQUES, LAW DIRECTOR**

**APPROVED BY:**

  
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**NORBERT S. KLOPSCH, CITY MANAGER**

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**POLICY:** This policy clarifies the procedure to be followed in calculating compensation, pursuant to Section 10.1 of the Personnel Regulations and Ordinance No. 4744, for employees who elect to waive health insurance coverage.

**PURPOSE:** This policy has been developed as the accepted interpretation of Section 10.1 of the Personnel Regulations and Ordinance No. 4744, and will serve as a guideline for the Finance Department in calculating appropriate payments in lieu of health insurance.

**RESPONSIBILITIES:** Consistent with the provisions below, the Director of Finance and the Assistant City Manager shall be responsible for implementation of this policy, subject to the oversight and approval of the City Manager.

**GENERAL PROVISIONS:**

With respect to employees who elect to waive health insurance benefits provided by the city, Section 10.1 of the Personnel Regulations provides, in pertinent part:

Employees choosing not to enroll in the health insurance program are required to complete a waiver form and shall be entitled to compensation equal to 25% of the annual insurance premium which would have been paid by the City on behalf of the employee.

Similarly, Ordinance No. 4744 provides, in pertinent part:

PAYMENT IN LIEU OF HEALTH INSURANCE. Any employee eligible for health insurance benefits and who elects not to enroll in the city's health insurance plan shall be entitled to compensation equal to 25% of the annual insurance premium which would have been paid by the city on behalf of the employee. In order to qualify, an employee must be eligible at the start of the benefit year and may not be enrolled in the city's health insurance plan during any portion of the benefit year. Payment under this program shall be made at the conclusion of the benefit year.

It has become apparent that these provisions may be ambiguous as applied to an employee who meets the eligibility requirements of having been (a) eligible for health insurance benefits at the start of the benefit year, and (b) not enrolled in the city's health insurance plan during any portion of the benefit year, but who separates from his or her employment with the city prior to the end of the benefit year in question. This ambiguity occurs because the calculation described in Section 10.1 of the Personnel Regulations and Ordinance No. 4744 is made on the basis of an annual insurance premium, but the employee's date of separation results in the employee having worked less than a full 12 months in his or her final benefit year.

**The past practice of the city has been *not* to make payments in lieu of health insurance to an employee who is otherwise eligible but does not work a full 12 months in his or her final benefit year. However, the city pays premiums on a monthly rather than annual basis, and to the extent this past practice may interfere with retirement schedules, it is desirable to establish an administrative policy as to retiring employees. Accordingly, until such time as Council adopts an updated personnel ordinance, it shall be the official administrative policy of the City that payments in lieu of health insurance shall require employment throughout the entire benefit year except for those employees who elect to retire from their employment prior to the end of a benefit year. For those retiring employees only, payments in lieu of health insurance for that employee's final benefit year will be calculated on a monthly *pro rata* basis, so long as that employee otherwise meets all eligibility requirements established by Council. The formula to be used for this calculation is:**

**25% x (MONTHLY PREMIUM) x (NUMBER OF MONTHS FOR WHICH PREMIUMS WOULD HAVE BEEN PAID)**

**Because Ordinance No. 4744 took effect on January 1, 2012, this formula shall be used for all employees retiring in calendar year 2012 and thereafter. Notwithstanding anything set forth herein, this policy shall not apply to any employee whose employment is terminated or ended in any manner other than *bona fide* retirement, as defined for purposes of OPERS or other public employee pension plan administration,**