



Town of Littleton  
Policy on Group Health and Life Insurance Coverage  
for Active Employees and Retirees

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[HISTORY: Adopted 3-22-2010; Amended 7-13-2015]

### **Purpose**

This policy details the terms under which the Town provides life and health insurance coverage to its employees and retirees in accordance with adopted provisions of Massachusetts General Law (MGL) Chapter 32B.

### **Scope**

The Town provides health and life insurance benefits to all benefit eligible active employees and certain retirees as defined in MGL Chapter 32B Section 2. This policy will detail the terms of the Town's contributions for health and life insurance premiums for eligible employees and retirees.

### **Authorization**

The Town has adopted certain provisions of MGL Chapter 32B which governs the benefit programs available to Town employees and retirees. Sections of the law adopted by the Board of Selectmen and/or Town Meeting are detailed in appendix A.

### **Health Insurance**

#### Active Employees

The Town will provide all benefit eligible employees health insurance. The current plan type and plan design of the insurance may either be decided by the Board of Selectmen, having adopted MGL Ch32B ss. 21-23 on February 27, 2012 or through traditional collective bargaining.

The Town currently offers an HMO type plan to all eligible active employees and contributes 70% of the total premium. The employee's share of the premium will be deducted on a tax-deferred basis from the employee's paycheck.

Selection of the health insurance benefit is available to eligible employees at the start of their employment at the Town; during the annual open enrollment period; or may be triggered by a qualifying event with proper documentation of the event supplied by the employee within 30 days of the event. Any eligible employee not accepting health insurance from the Town must sign a waiver form; at the time of employment and/or annually during the open enrollment period.

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Upon termination of employment, employees may be entitled to continue coverage in the health plan under COBRA laws. The employee will be responsible for 102% of the total premium. Premiums will be deducted automatically from the employee's bank account through an ACH debit transaction.

Active employees who reach age 65 may remain on the Town's insurance plan until retirement. If the employee is eligible for Federal Medicare coverage, the employee must apply for Medicare through the Social Security Administration and defer Part B coverage until retirement. The employee is entitled to Medicare coverage even if Social Security benefits are being deferred.

#### Retired Employees

At age 65, all retirees who are eligible must carry Medicare as their primary insurance. The Town provides a Medicare supplemental insurance plan for all eligible retired employees at age 65. Retirees not eligible for Medicare will be able to remain on the Town's HMO plan or PPO if applicable (see below) by providing a copy of an official letter of Medicare ineligibility from Social Security.

Employees are eligible for post-employment health insurance benefits in retirement if they have met the following eligibility criteria:

- The employee must be a current member of the Town's group health insurance plan at the time of separation/retirement from the Town ;
- An employee must remain in the Town's group health coverage. Any break in coverage during retirement will make the employee ineligible for coverage in succeeding years; and
- Employees must meet all eligibility criteria of their retirement system. Eligibility criteria for retirement includes appropriate age and service or a bona fide "early retirement" due to a State sanctioned credit for additional years of service to reach minimum retirement qualifications.

An employee who chooses not to retire immediately may apply for Deferred Retirement through the Town Treasurer's Office. All of the employee's plan assets must remain on deposit at the retirement system. The employee electing deferred retirement status must remain on the Town's health insurance plan. The employee will be responsible for 100% of the total premium.

An employee is considered not eligible when they have withdrawn all of their plan assets from the retirement system even if they meet the above requirements for post-employment health benefits.

Employees eligible for post-employment health insurance benefits will be responsible for 30% of the total premium with a Town contribution of 70%.

Surviving spouses of eligible retired employees may continue health coverage after the death of the former employee. The surviving spouse will be responsible for 50% of the total premium with a Town contribution of 50%.

All premium payments for retirees and/or surviving spouses will be collected either through a monthly check from the retirement system taken from the retiree's monthly pension benefit or through an

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automatic withdrawal from the retiree's bank account through ACH debit. Payments for deferred retirees must be made by an automatic withdrawal from their bank account through ACH debit.

Employees retiring prior to age 65 (early retirees) and having met all other eligibility requirements outlined above will be eligible for Town provided health insurance at the retiree premium contribution rates described above until age 65. Early retirees will be offered the Town's HMO health insurance if their primary residence qualifies them for coverage. If an employee's primary residence is ineligible for coverage through the HMO plan, a PPO plan will be offered at the same contribution rates described above.

### **Billing of Costs to Other Units**

The Town has the ability to offset premium costs for certain retirees by billing other governmental units for the reimbursement of costs associated with eligible retirees in accordance with MGL Chapter 32B Section 9A ½. Premium costs incurred by the Town will be distributed between governmental units based on creditable service time as determined by the appropriate retirement system. See the *Retiree Health Insurance Reimbursement Policy* for details on the reimbursement process.

### **Reimbursement of Costs from Other Units**

Invoices may be received from other governmental units for the reimbursement of retiree health costs for former employees receiving health insurance benefits from that governmental unit. Reimbursement will be made on valid claims in accordance with the *Retiree Health Insurance Reimbursement Policy*.

### **Life Insurance**

#### Active Employees

The Town provides a term insurance policy referred to as Basic Life for benefit eligible employees who elect this benefit. The Basic Life policy carries a face value of \$10,000 and may be converted to a private term insurance policy upon termination of employment. The Town currently contributes 70% of the total premium for this benefit. The employee's share of the premium will be deducted on a tax-deferred basis from the employee's paycheck.

The Town also offers additional life insurance plans for both employees and their dependents. Rates are based on the amount of insurance and age of the insured. Premiums are the sole responsibility of the employee and are deducted on a post-tax basis from the employee's paycheck. The employee must carry the Basic Life policy in order to obtain optional insurance coverage.

Selection of the life insurance benefit is available to eligible employees at the start of their employment with the Town or during the annual open enrollment period. Any eligible employee not accepting life insurance from the Town must sign a waiver form at the time of employment. Guaranteed amounts are

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subject to medical investigation if insurance is taken at the open enrollment period. This medical investigation is waived if insurance is selected at the time of employment.

*Retired Employees*

Basic Life Insurance may continue into retirement provided the employee selected this benefit while an active employee. The face value of the policy drops to \$5,000. All premium payments for retirees will be collected either through a monthly check from the retirement system taken from the retiree's monthly pension benefit or through an automatic withdrawal from the retiree's bank account through ACH debit.

Optional life insurance products are not offered to retirees.

**Other Post Employment Benefits**

The Town must recognize the future liability created in providing health benefits to retirees in its current financial statements according to the Governmental Accounting Standards Board (GASB 45). The Town has committed to fund this liability as stated in the Town's *Financial Management Policy* in order to provide these health benefits to its current and future retirees.

**Policy Review**

This policy will be reviewed annually by the Treasurer. Any changes to this policy must be approved by vote of the Board of Selectmen and may be triggered through collective bargaining obligations.

*Appendix A – Massachusetts General Law Ch 32B – Public Employees Group Health Benefits*

*Massachusetts General Law Ch 32B – Public Employees Group Health Benefits* – is a local option statute. No provision of Chapter 32b may be revoked after being properly accepted, with the exception of Section 19.

The following table details the Town’s acceptance of provisions of Ch32B as they relate to health and life insurance benefits:

Section	Description	Method of Acceptance	Town Adoption	Comments/Notes
10	Acceptance of Chapter 32B	Election (specific ballot question)	1961	Vote accepted most provisions of 32B – health related items will be listed separately
7A	Allows Town to contribute more than 50% of premium cost for active employees health plans	Town Meeting Vote	1974	Negated section 7 (adopted 1961) which capped the contribution at 50%.
9A ½	Reimbursement of health premiums to/from other governmental units	automatic adoption	2010	
9E	Payment of more than 50% of premium costs for retirees	Town Meeting vote	1979	Negated section 9A (adopted 1961) which capped the contribution at 50%.
9D	Payment of 50% of premium cost for surviving spouse	Town Meeting Vote	1971	Caps contribution at 50%
9F	Allows retirees life insurance greater than \$1,000	BOS vote	unknown date	Town provides face value of \$5,000 for life policies
9G	Continuation of coverage for spouse and dependents of police officer killed in line of duty and allowing payment of 50% or more of premium costs	Election (specific ballot question)	1961	
9H	Eligibility of divorced or separated spouses for continued coverage	w/ adoption of 32B	1961	Coverage remains until spouse remarries
9I	Payment of premiums for employees on active duty military leave of absence	Town Meeting Vote	1961	
11A	Additional optional group life insurance for active employees	Election (specific ballot question)	1979	
18A	Employees must move to MEDEX if Medicare eligible	automatic adoption under MA Health Reform	2011	
20	Establishment of OBEB Fund	Town Meeting Vote	FY10 STM Art 9 – May 2010	

Section	Description	Method of Acceptance	Town Adoption	Comments/Notes
21 – 23	Provisions to allow changes to plan design by BOS without the need for union negotiations. Cost savings are to be shared with effected employees through negotiations with PEC.	BOS vote	Feb 27, 2012	
24	Health Care Flexible Spending Accounts			
26	Enrollment Audit	automatic adoption		Audit of enrolled employees receiving health benefits must be performed every 2 years.