

## **CITYCOUNTY INSURANCE SERVICES CIS BENEFITS RULES**

The CityCounty Insurance Services (CIS) Board of Trustees adopts the following Rules regarding CIS Benefits programs. The Rules supersede and replace existing CIS Benefits Rules effective August 1, 2010.

### ***RULE EB 1: LOSS FUND PROTECTION AND SURPLUS DISTRIBUTION***

#### **A. CIS BENEFITS LOSS FUNDS**

CIS Benefits Pooled Risk Retention Programs are funded by Contributions “to establish Loss Funds and any other necessary or prudent reserves, to purchase reinsurance and/or excess insurance in the name of the Trust, and to provide Administration.” (Trust Agreement, Article 1, definition of “Contribution”. The CIS Benefits Loss Funds are established by Trust Fund (EBS and AOCIT) and by Line of Coverage.

#### **B. USE OF SURPLUS**

For purposes of this Rule, “Surplus” is defined as those monies remaining in a Loss Fund after the payment of the costs of administration and reinsurance or excess insurance, the payment of claims, and establishment of adequate reserves for outstanding claims.

Surplus may, in the sole discretion of the Trustees, be used in any one or more of the following ways:

1. Allocated for any purpose consistent with the Trust Agreement, including, but not limited to, Trust Program enhancements, risk management programs such as Healthy Benefits, or held as contingency reserves.
2. Allocated to offset deficits as follows:
  - a. In the event of a deficit in a Loss Fund for a Coverage Year, that deficit may be offset with Surplus accrued in that Loss Fund in other Coverage Years;
  - b. Within the same Trust Fund, Surplus may be transferred from a Loss Fund to a Loss Fund that is in deficit. However, such transfers shall only be made when there is a reasonable expectation that repayment can be made from future contributions and earnings of the Loss Fund that has incurred the deficit.
3. Distributed to Members as a Surplus Distribution as described in Section C of this Rule.

C. SURPLUS DISTRIBUTION

The Board, at its sole discretion, may declare a distribution of Surplus to Members through rate subsidies or other means and methods that the Board may determine.

## **Rule EB2: GENERAL PROVISIONS**

### **A. REQUEST FOR COVERAGE**

Prior to initially receiving coverage, and prior to August 1 each year thereafter, the Member must complete a Request for Coverage (RFC) in a form specified by CIS. Such RFC shall be approved and signed by a duly authorized employee or agent of the Member. The Member must certify that it is and will continue to be in compliance with all CIS Benefits governing documents.

#### Changes to RFC

Elections made on the RFC can only be changed annually except for mid-year changes resulting from collective bargaining or with CIS approval. This includes changes to plans and eligibility (waiting period, required work hours, opposite sex domestic partners, etc.). Members must give CIS 30 days advance notice for mid-year collective bargaining changes. Changes will be effective the first of the month following the 30-day notification.

### **B. RIGHT TO MODIFY, DISCONTINUE, OR TERMINATE**

The CIS Board of Trustees retains the right to modify or discontinue any portion of the CIS Benefits Program. CIS will give participating entities advance written notice of at least 6 months on board actions resulting in a plan discontinuation and advance notice of at least 90 days on plan modification. CIS will not be bound by any agreements entered into by the Member that do not comply with CIS Rules. CIS retains the right to terminate coverage for Members that are in violation of state or federal benefits regulations or are not in compliance with CIS governing documents.

### **C. HIPAA COMPLIANCE**

CIS programs are in compliance with the Health Insurance Portability and Accountability Act (HIPAA) privacy standards and are governed by the CIS Benefits Trust Plan. As such, CIS can receive health status and claims data for participating employees. Health status and individual claims data will not be provided to participating Members without the expressed written consent of the employee. Claims data may be shared with a third party administering CIS' health risk management programs.

### **D. APPEALS PROCESS**

#### **1. APPEALS REGARDING COVERAGE**

An employee participating in an employee benefits Insurance Program or benefits Pooled Risk Retention Program who wishes to appeal a coverage/claim decision must utilize the appeal procedure outlined in the plan booklet and/or as required by law.

## 2. APPEALS REGARDING ADMINISTRATIVE AND ELIGIBILITY ISSUES

An employee participating in an employee benefits Insurance Program or benefits Pooled Risk Retention Program who wishes to appeal an administrative or eligibility decision may ask for reconsideration by the Benefits Manager. The request must be made in writing and received by CIS within 45 days of the date of denial. The Benefits Manager will make a determination and send a written response and explanation within 15 days. If the Member representative or employee is dissatisfied with the decision of the Benefits Manager, he/she may make a written request for reconsideration to the Executive Director within 45 days of the Benefits Manager's denial. The Executive Director may, at his or her discretion, consult with the Board of Trustees and will respond with a notification of status of the request for consideration within 15 days. A final determination response will be sent in writing not later than 30 days from the date the request is received by the Executive Director. The Executive Director's determination is final, and there are no further appeal rights.

## **Rule EB3: HEALTH INSURANCE**

### **A. CONTINUING ELIGIBILITY**

A CIS Benefits Trust Plan Member as of January 1, 2010, that is an intergovernmental entity formed by a public body with another state or with a political subdivision of another state, or with an agency of the federal government is allowed to remain a Member of the CIS Benefits Trust Plan in which it is participating, provided however, if such member terminates participation in that Trust plan, it is not eligible to become a Member except as provided by the CIS Bylaws, Article 2.

### **B. SUBGROUP ELIGIBILITY**

For Members with over 100 eligible employees, subgroups (i.e., public works, firefighters, police, administration, SEIU, AFSCME, etc.) of a Member may join the health insurance program on its own only if the subgroups have at least 100 covered employees.

For Members with fewer than 100 eligible employees, subgroups may join if they include all employees not eligible to be covered by an Employee Benefits Trust affiliated with their bargaining unit.

### **C. MEMBER PLAN SELECTION**

1. A Member may select different benefit plans for specific subgroups of employees as long as there are at least 10 employees enrolled for benefits in each subgroup.
2. The Member may select riders to be added to their basic medical or dental plans as defined by CIS each year. Benefit riders can not be offered on a stand-alone basis. Riders may be added/dropped only during open enrollment, as a result of collective bargaining, or in conjunction with an eligible mid-year plan change. If the vision rider is dropped by a Member, it cannot be added again for two years. Riders include: Well Baby Care, Preventive Exams, Vision, Hearing Aids, Alternative Care and Orthodontic Treatment.

Within the constraints of 3, 4 and 5 below, Members eligible to offer multiple plans to one or more subgroups must include the same riders on all plans offered.

3. Members or subgroups with more than 10 employees may select one traditional indemnity plan and one managed care plan (HMO or PPO version of the same indemnity plan) for medical and dental. As an alternative, two plan options that are within a 5% rate spread may be offered.

4. For Members or subgroups with 100 to 232 covered employees in the indemnity medical or dental plans, the following is available in addition to the options under 2, above:
  - a. One additional plan within 10% of the benefit value of the core plan may be offered
  - b. At least 25 employees must enroll in each option
  - c. All rates may be surcharged for potential adverse selection risk
5. For Members or subgroups with 233 or more covered employees in the indemnity medical or dental plans, the following is available in addition to the options under 2, above:
  - a. Two additional plans within 15% of the benefit value of the core plan may be offered
  - b. At least 25 employees must enroll in each option
  - c. All rates may be surcharged for potential adverse selection risk
6. Members may select different medical and dental insurance carriers.

## **Rule EB4: HEALTH INSURANCE - MEMBER PAYMENTS**

- A. If a Member does not contribute toward the cost of dependent coverage, then the Member must pay 100% of the employee rate. If the Member contributes toward the cost for dependent coverage, then the Member must pay at least 50% for any coverage level. The Member's payment may vary by subgroup. Member payments must be equitable among plan options if more than one CIS plan is offered.
- B. If rates are subsidized by CIS Benefits trust reserves, there is a 12-month wait before the subsidized rates are available to Members or subgroups entering or re-entering the program.
- C. A Member or subgroup that leaves CIS coverage will pay a 10% rate penalty for 12 months if they return to health coverage within three years. This will be imposed in addition to the provisions of Rule 4(B), if applicable.
- D. Members with less than 100 covered employees will receive the pooled group's rates.
- E. Members with 100 or more covered employees in the self-insured medical or dental plans will have their rates adjusted based on their own experience.
- F. Only experience-adjusted groups can receive a composite rate.
- G. Commissions for agents of record will be added to the CIS medical/dental rates. Commissions are a flat 2% of eligible contributions for pooled Members (under 100 employees) and negotiable between the Member and the agent for experience-rated Members (over 100 employees). Eligible contributions for commissions are based on contributions for the Regence medical and ODS dental plans. Kaiser Permanente, Willamette Dental, and options or riders to the Regence or ODS plans are not subject to commissions. CIS must be notified at least 30 days before the start of coverage of any applicable commissions.

## **Rule EB5: HEALTH INSURANCE - ENROLLMENT ELIGIBILITY**

- A. Employees (including part-time employees) must be in a regular position and work at least: (1) half of the full-time schedule stated by the Member, or (2) the minimum number of hours specified by the Member, whichever is greater, to qualify for health insurance coverage.
- B. No seasonal, temporary, or limited duration (less than six months) employees including volunteer firefighters, volunteer/reserve police officers, or other volunteer individuals may be insured. Contract employees (through a temporary employment agency or personal services contract) are not eligible.
- C. Same-sex domestic partners, and their eligible children, are eligible for coverage, as required by law. A Member may choose to extend coverage to opposite-sex domestic partners, and their eligible children, by vote of the governing body. A Certificate of Registered Domestic Partnership or a CIS Certificate of Domestic Partnership is required. The Member agrees to charge the covered employee the applicable imputed value tax.
- D. Employees adding a spouse to the health coverage must provide a marriage license or certificate for coverage to be continued.
- E. Health insurance may be made available for elected officials who do not qualify as employees as long as coverage is authorized by the governing body, the Member pays at least 50% of the rate and the group or subgroup's 75% participation requirement (see Rule 6(A)) is met. Elected officials do not qualify as a unique subgroup.
- F. A Member may waive its stated waiting period for new employees who come from another CIS-Benefits-covered Member within 6 months of termination from that Member and without a break in coverage.
- G. The following are considered eligible dependents:
  - 1. A legally married spouse.
  - 2. Domestic Partners who meet the criteria listed in Rule 5C.
  - 3. Unmarried child(ren) under the age of 23 who are 50% or more dependent on either natural parent or spouse for financial support and who are:
    - The employee's natural child;
    - The employee's adopted child or a child placed for adoption with the employee;
    - A stepchild living in the employee's home, or a stepchild not living in the home but for whom coverage is required by court order;
    - A child related to the employee, spouse, or domestic partner by blood or marriage for whom the employee, spouse, or domestic partner has obtained court-ordered legal guardianship.

4. An unmarried child over the age of 23 who is incapable of self-support due to a physical, mental or developmental disability that occurred before the child's 23rd birthday and for whom a handicapped dependent certification form has been received and approved by the insurance carrier. The child must have been enrolled in a CIS plan at the time he/she turned 23. A new hire may add a disabled child over age 23 if the child was disabled prior to his/her 23<sup>rd</sup> birthday.
- H. Ineligible dependents will be deleted retroactive to the last day of the month in which they became ineligible. Claims paid for ineligible dependents, whether or not they have been removed from coverage, will be the responsibility of the employee.

**Rule EB6: HEALTH INSURANCE - ENROLLMENT/UNDERWRITING  
REQUIREMENTS**

- A. At least 75% of the eligible employees of the Member or the subgroup must be enrolled in each of the coverages that the Member offers. If the Member offers an employee choice of CIS and non-CIS coverage, at least 51% of eligible employees must be enrolled in the CIS coverage. In addition, the rating structures offered must match the CIS rating structures (e.g., composite vs. composite or tier vs. tier). Exceptions for employee enrollment due to religious convictions must be submitted to CIS for review and approval.
- B. If the Member offers medical and dental coverage, an employee must enroll in both, however, an employee may enroll fewer dependents on dental than on medical.
- C. For groups that offer vision coverage, the individuals enrolled in vision must match the individuals enrolled in the medical plan.
- D. Members may offer dependent coverage on an optional basis but may not provide an incentive to employees for not enrolling their eligible dependents on medical and/or dental coverage.
- E. Members may offer an employee "opt out for cash" arrangement during open enrollment, in conjunction with a mid-year plan change, or as the result of collective bargaining. The Member must elect this option on their RFC and must follow these guidelines:
  - 1. Employees accepting this option must provide proof of other group medical coverage and complete a Declination of Coverage form.
  - 2. Employees accepting this option can do so only for medical (including any riders).
  - 3. The employee cannot opt out of dental; minimum enrollment of employee only coverage is required.
  - 4. The cash back allowance cannot exceed \$25 per employee per month.
- F. Members cannot reimburse employees for any medical expenses incurred including, but not limited to, payment of all or part of the deductible, copayments or coinsurance amounts.

**Rule EB7: GROUPS/SUBGROUPS LEAVING THE HEALTH INSURANCE PROGRAM**

- A. A Member or subgroup leaving the CIS health program or dropping coverage must provide written notice of termination received by CIS at least 30 days prior to the effective date of termination.
- B. A Member or subgroup that leaves CIS coverage will pay a 10% rate penalty for 12 months if they return to health coverage within three years. This will be imposed in addition to the provisions of Rule 4(B), if applicable.
- C. Members with more than 100 benefit-eligible employees that remove a subgroup, leaving fewer than 100 employees on health benefits coverage with CIS, will continue to receive their most recent rate adjustment factor for up to three years.
- D. Members with fewer than 100 benefit-eligible employees may remove a subgroup from CIS Benefits and continue participation for the remaining employees only if all of the following conditions are met:
  - 1. The group being removed is a represented bargaining group;
  - 2. The plan they are moving to is a health insurance trust available only as a result of their union affiliation; and
  - 3. All remaining employees are insured through CIS.
- E. Members that remove all of their employees, or a subgroup of its employees, must also remove the retirees and COBRA participants associated with the Member or its subgroup.

## **Rule EB8: HEALTH RISK MANAGEMENT PROGRAM**

Employees, retirees and spouses enrolling in a CIS medical plan become eligible to participate in the Healthy Benefits program by completing a Health Status Questionnaire (HSQ) upon initial eligibility or as part of the annual open enrollment process.

## **Rule EB9: ADMINISTRATIVE SERVICES**

### **A. ADMINISTRATIVE SERVICES ARRANGEMENT FOR LARGE GROUPS**

Groups of more than 500 employees that meet the eligibility criteria for CIS Benefits as outlined in Rule EB2 may participate in a CIS insurance program that would include coverage from one or more CIS Benefits carriers, as the carrier(s), the group, and CIS may agree; and CIS Benefits administrative services (e.g., enrollment, billing, employee assistance program, COBRA and retiree administration, etc.) as CIS Benefits may provide for its members. CIS Benefits administrative fees for such services would be included in the participating group's rates.

### **B. PROGRAM COMPONENTS**

Participants in a CIS Benefits Administrative Services Arrangement would:

1. Be underwritten and rated based on their own demographics and experience, and would not be part of the EBS or AOCIT Trusts for underwriting or rating purposes.
2. Have plan designs of their own choosing, subject to the carrier's agreement to administer the plans.
3. Set their own eligibility criteria, subject to agreement by the carrier and CIS' ability to administer them.

## **Rule EB10: LIFE/DISABILITY INSURANCE**

### **A. SUBGROUP ELIGIBILITY**

If a Member has 25 or more eligible employees, subgroups of the Member may only join CIS for Life and Long Term Disability if the subgroups have at least 25 covered employees.

For Members with less than 25 eligible employees, subgroups are only eligible if they include all employees not eligible for an Employee Benefits Trust affiliated with their bargaining unit.

### **B. MEMBER PLAN SELECTION**

1. Accidental Death & Dismemberment (AD&D) may only be offered in conjunction with Basic Life options and only in amounts equal to the Basic Life insurance coverage selected.
2. Dependent Life insurance is only available in conjunction with Basic Life options.
3. Supplemental Employee and Spouse Life are only available in conjunction with Basic Life options.
4. Statutory Life coverage is for firefighters, volunteer firefighters, and police officers. Coverage for police reserves is optional. EMTs, unless also a firefighter or police officer, are not eligible. This coverage is mandated by Oregon statute.
5. A Member may select different plan options for subgroups as long as there are at least 10 eligible employees enrolled for benefits in each subgroup.
6. Members or subgroups with 25 or more eligible employees may choose from the Basic Life plan options or tailor-make their own plan (with approval from carrier).

Members with less than 25 eligible employees may select only from the Basic Life plan options.

### **C. MEMBER RATE**

1. Members or subgroups with 25 or more eligible employees will have their rates based on a census of their employee group.
2. Members with fewer than 25 eligible employees will receive the pooled group's rates.

3. For Members with over 25 eligible employees, commissions for agents of record will be added to the Basic Life and LTD rates. Commissions are based on the standard commission schedule from the carrier. Supplemental Life, Statutory Life, Dependent Life (Voluntary/Member paid), AD&D and Basic Life/LTD rates for pooled Members are not subject to a commission. CIS must be notified at least 30 days before the start of coverage of any applicable commissions.

#### D. MEMBER PAYMENTS

1. The Member must pay at least 50% of the Basic Life, AD&D, Dependent Life, and Long Term Disability rates for its eligible employees. The Member's payments may vary by subgroup.
2. Statutory coverage for police officers, firefighters, and volunteer firefighters/police reserves shall be 100% Member paid, and all eligible individuals must be insured.
3. Voluntary (\$5k) Dependent Life and Supplemental Life may be 100% employee paid.

#### E. EMPLOYEE ELIGIBILITY

1. Employees (including part-time employees) must be in a regular position and must work at least (1) half of the full-time schedule stated by the Member, or (2) the minimum number of hours specified by the Member, whichever is greater, to qualify for insurance coverage.
2. No seasonal, temporary or limited duration (less than six months) employees or volunteer individuals may be insured, except volunteer firefighters or volunteer/reserve police officers. Contract employees (through a temporary employment agency or personal services contract) are not eligible.
3. Same-sex domestic partners are eligible for Spouse Life or Long Term Care coverage, as required by law. A Member may choose to extend coverage to opposite-sex domestic partners by vote of the governing body. A Certificate of Registered Domestic Partnership or a CIS Certificate of Domestic Partnership is required.
4. For elected officials who do not qualify as employees, the same amount of Basic Life coverage offered to employees, or a lesser amount, may be made available as long as the is met. If the Basic Life benefit is tied to amount of salary, the maximum amount that may be offered is \$50,000. The Member must pay at least 50% of the rate.

**Rule EB 11: LIFE/DISABILITY INSURANCE -  
ENROLLMENT/UNDERWRITING REQUIREMENTS**

A. All eligible employees must be enrolled in Basic Life, AD&D and Long Term Disability upon initial eligibility and thereafter as long as eligibility continues. Employees cannot opt out of coverage.

B. Employees not enrolled when initially eligible will be enrolled retroactive to their original effective date.

C. Members/Subgroups Leaving the Life/Disability Program

A Member or subgroup leaving the CIS life/disability program or dropping coverage must provide written notice of termination received by CIS at least 30 days prior to the effective date of the termination.

## **Rule EB12: RETIREES**

### **A. RETIREE ELIGIBILITY**

1. A retiree is a former officer or employee of a local government participating in the CIS Benefits program who is retired for service or disability, and who received, is receiving, or is eligible to receive retirement benefits under the Oregon Public Employees Retirement System or any other retirement system or plan applicable to officers and employees of the local government.
2. The retiree must be covered as an active employee under a CIS health benefits program at the time of retirement to qualify for continued coverage.
3. Eligibility ceases when the retiree becomes Medicare eligible.
4. The retiree has the option of enrolling an eligible spouse/domestic partner and/or dependents for coverage at retirement, provided they are covered through CIS at the time of the employee's retirement. Dependents not enrolled in retiree coverage at the time of retirement may not be added at a later date; however, a new spouse or qualified domestic partner, or new dependent child(ren) acquired after retirement will be eligible to enroll within 31 days of the event. Dependents become ineligible if the retiree leaves the CIS plan, unless the retiree's loss of eligibility is due to Medicare eligibility or death.
5. Retirees who return to work for a Member in the CIS health benefits program and who become eligible for benefits as an active employee, may temporarily drop the retiree plan for the active plan and later return to the current Member's retiree plan as long as CIS coverage is continuous.

### **B. PLANS AVAILABLE**

The retiree and eligible dependents must continue in the same plans offered by the Member to active employees. If the retiree is enrolled in both medical and dental coverage as an active employee, he/she must retain both coverages as a retiree unless the Member decides to not offer dental coverage to any retirees. Retirees who are not Medicare-eligible continue at the rates specified by CIS or as specified by law. If the Member offers a choice of health plans to the group of employees from which the retiree has terminated, the retiree may change to a different plan option within the same carrier at retirement or during open enrollment. If a Kaiser member moves out of the Kaiser service area, he/she may change to the statewide plan, if available. If the active group or subgroup from which the employee retired leaves CIS, the retiree leaves the CIS program with those active employees.

### **C. MEMBER PAYMENTS**

The Member determines the amount, if any, they will contribute toward the cost of retiree coverage.

## **Rule EB13: LONG TERM CARE INSURANCE**

### **A. MEMBER/EMPLOYEE ELIGIBILITY**

1. Members that offer CIS medical, dental or life/disability insurance may offer long term care insurance.
2. Long term care insurance must be offered to all employees. It cannot be offered to a subgroup only.
3. Employees of a Member or subgroup must be eligible to participate in a CIS medical, dental, Basic Life or Long Term Disability plan to participate in CIS' Long Term Care insurance.

## **Rule EB14: PRE-TAX PROGRAMS**

### **A. MEMBER PLAN SELECTION**

Members must offer a CIS medical or dental plan to offer a CIS pre-tax plan. Members may select one or more of the options available: Premium Only Plan, Healthcare Flexible Spending Account, and Dependent Care Flexible Spending Account. Other partial funding options such as Health Savings Accounts (HSA) or Voluntary Employees Beneficiary Association (VEBA) plans may be selected. The Member is responsible for providing the data for testing and any applicable required filings outlined in Internal Revenue Code.

### **B. MEMBER PAYMENTS**

There are no required Member payments to these programs.

### **C. EMPLOYEE ELIGIBILITY**

Employees of a Member or subgroup must be eligible to participate in a CIS medical or dental plan to participate in a CIS pre-tax plan.