

Patient Protection and Affordable Care Act

The City of Oak Harbor provides a comprehensive benefits package to employees, subject to eligibility requirements. Benefits generally include insurance coverage for medical, dental and vision, as well as an employee assistance program (EAP), life and disability insurance and a flexible spending account under which employees can take pre-tax deductions for healthcare and dependent care expenses. The benefit programs and eligibility information will be explained upon hire, complete information about the benefit programs can be found in the Summary Plan Descriptions provided to employees. If you lose or misplace those Summary Plan Descriptions or have questions regarding benefit programs, please see Human Resources. Represented employees should also refer to their union contract for health insurance and other information.

The City reserves the right to modify, amend, or terminate its health and welfare benefits as they apply to all current, former, and retired employees. Additionally, the Administrator of each benefit plan has the discretionary authority to determine eligibility for benefits and to interpret the plan's terms.

1) Health Coverage

The City of Oak Harbor Health Coverage policy is administered in accordance with the Employer Shared Responsibility provisions of the Patient Protection and Affordable Care Act, as amended (PPACA).

Under the terms and conditions of this policy and City's health benefits plan, The City provides health coverage to eligible employees and their dependents up to age 26. The benefits, terms, and conditions of City's health benefits plan, including costs owed by eligible employees, are explained in a separate plan document (the "Plan") and/or in applicable collective bargaining agreements.

2) Benefit Definitions and Classifications

Regular Full-time. At time of hire or change in job classification, employee is reasonably expected to work, on average, 30 or more hours per week/130 hours per month. Full-time employees are eligible for health coverage and will be enrolled in health coverage as specified in the Plan.

Employees who work .8 FTE (thirty-two (32) hours a week) or more but less than 1.0 FTE (forty (40) hours per week) on a regular basis are eligible for partial payment of spouse, domestic partner and dependent health care coverage.

Regular Part-time. At time of hire or change in job classification, employee is reasonably expected to work, on average, less than 30 hours per week/130 hours per month.

Employees who work .5 FTE (twenty (20) hours per week) - .799 FTE (thirty-one hours per week) are eligible for employee health care coverage, but must pay for spouse, domestic partner and dependent health care coverage.

Coverage offered to eligible regular part-time employees working less than 30 hours per week/130 hours per month is provided by the City on a voluntary basis and is not required under the PPACA.

If, based on City prior approval, a non-regular part-time employee averages 30 or more hours per week/130 hours per month during a measurement period (discussed below), the employee will be deemed a non-regular full-time employee, eligible for health coverage during a subsequent stability period (discussed below).

Variable-hour. At time of hire or change in job classification, the City cannot reasonably determine whether employee will or will not average 30 or more hours per week/130 hours per month. Variable-hour employees are subject to monthly and annual hours limitations and are generally not eligible for health coverage, unless otherwise specified under the terms of the Plan or applicable collective bargaining agreement. If, based on the City's prior approval, a variable-hour employee averages 30 or more hours per week/130 hours per month during a measurement period (discussed below), the employee will be deemed a non-regular full-time employee, eligible for health coverage during a subsequent stability period (discussed below).

Seasonal. At time of hire or change in job classification, employee is hired or re-hired into a position for which the customary annual employment is approximately six months or less, beginning in approximately the same season of each calendar year. Seasonal employees are subject to a mandatory annual break in service of approximately six continuous months and are not eligible for health coverage, unless otherwise specified under the terms of the Plan or applicable collective bargaining agreement.

Dependents. Children of full-time employees up to age 26 (including the entire calendar month in which a child turns age 26). Includes biological and adopted children, stepchildren and foster children. Also includes spouses and domestic partners. Dependents of regular full-time employees are eligible for health coverage.

Volunteers. Individuals who provide services to the City on a voluntary basis and whose compensation is limited to: (1) reimbursement for reasonable expenses incurred in the performance of services as a volunteer; (2) reasonable fringe benefits, excluding health coverage; and/or (3) nominal fees or honorarium provided in connection with services as a volunteer. Volunteers are not employees and are not eligible for health coverage.

Elected Officials: Any individual who serves as a public official is an employee of the government for whom he or she serves and will for benefit eligibility purposes be considered a non-regular part-time employee. If, based on City prior approval, a non-regular part-time employee averages 30 or more hours per week/130 hours per month during a measurement period (discussed below), the employee will be deemed a non-regular full-time employee, eligible for health coverage during a subsequent stability period (discussed below).

3) Work Hours Limitations

For certain employee classifications, the City restricts the maximum annual and/or monthly hours of work.

Regular Full-time employees are not subject to an annual or monthly hours limitation and may work 30 or more hours per week/130 hours per month, without limit, unless otherwise limited by City's overtime policy, job description, the terms of any applicable collective bargaining agreement, or the terms of any other City policy or agreement. Non-regular full-time employees are not subject to initial or standard measurement, administrative, or stability periods (discussed below).

Non-regular Part-time employees are subject to an annual hours limitation and may not exceed 1500 hours annually without the City's prior approval. In addition to an annual hours limitation, non-regular part-time employees may not exceed 125 hours in any single calendar month without the City's prior approval. Non-regular part-time employees are subject to initial and standard measurement, administrative, and stability periods (discussed below).

Variable-hour employees are subject to an annual hours limitation and may not exceed 1500 hours annually without the City's prior approval. In addition to an annual hours limitation, variable-hour employees may not exceed 125 hours in any single calendar month without the City's prior approval. Variable-hour employees are subject to both initial and standard measurement, administrative, and stability periods (discussed below).

Seasonal employees are not subject to an annual or monthly hours limitation and may work 30 or more hours per week/130 hours per month, without limit, unless otherwise limited by City's overtime policy, job description, the terms of any applicable collective bargaining agreement, or the terms of any other Employer policy or agreement. Seasonal employees are limited to an annual employment duration of approximately six months and must have an annual break in service of approximately six continuous months before being eligible for re-hire. Seasonal employees may work longer than six months with the City's prior approval. Seasonal employees are subject to initial and standard measurement, administrative, and stability periods (discussed below).

4) Measurement and Administrative Periods – Initial Periods

The City uses a 12-month initial measurement period to measure the hours of new non-regular part-time, variable-hour, and seasonal employees.

The City uses an initial administrative period of no longer than two months, divided in two phases. The first phase begins on the date of hire of a new non-regular part-time, variable-hour, or seasonal employee and continues until the last day of that calendar month. The second phase begins at the end of the 12-month initial measurement period and lasts for one full calendar month. The purpose of the first phase of the initial

administrative period is to reduce administrative complexity by consolidating all new non-regular part-time, variable-hour, and seasonal employees hired during a month into the same initial measurement and stability periods. The purpose of the second phase of the initial administrative period is to allow the City to calculate the hours worked by employees during the initial measurement period and to enroll eligible employees in health coverage.

The City uses a 12-month initial stability period for purposes of providing or excluding health coverage to new non-regular part-time, variable-hour, and seasonal employees. If an employee works an average of 30 hours or more per week/130 hours per month during an initial measurement period, the employee will be deemed a non-regular full-time employee and will be eligible for health coverage during the initial stability period, regardless of the hours worked during the initial stability period, so long as the employee remains employed by the City. If an employee works an average of less than 30 hours per week during the initial measurement period, the employee will not be deemed a non-regular full-time employee and will not be eligible for health coverage during the initial stability period, regardless of the hours worked during the initial stability period.

Initial Administrative Period (Phase 1) – Begins on date of hire, continues until end of month.

Initial Measurement Period – Begins on first day of first full calendar month following date of hire and continues for 12 months.

Initial Administrative Period (Phase 2) – Begins on first day of first full calendar month following Initial Measurement Period and lasts for the entire month.

Initial Stability Period – Begins on first day of first full calendar month following Phase 2 of Initial Administrative Period and continues for 12 months.

To determine the average hours worked by each employee during the 12-month initial measurement period, the City will divide the employee's total hours worked during the period by 52.

Example:

- Employee A is hired as a new variable-hour employee on April 2, 2015. Employee B is hired as a new non-regular part-time employee on April 15, 2015.
- Under the first phase of the initial administrative period, Employee A is placed into an initial administrative period from April 2, 2015 through April 30, 2015. Employee B is placed into an initial administrative period from April 15, 2015

through April 30, 2105. [*The purpose of the first phase of the initial administrative period is to reduce administrative complexity by consolidating all new part-time, variable-hour, and seasonal employees hired in the same calendar month into the same initial measurement and stability periods.*]

- Employee A and Employee B both have initial measurement periods beginning May 1, 2015 and ending April 30, 2016 (12 months).
- Employee A and Employee B are both subject to the second phase of the initial administrative period, beginning May 1, 2016 and ending May 31, 2016 (one month). During this period, the City calculates Employee A's and Employee B's hours worked during the initial measurement period.
- Employee A and Employee B are both subject to an initial stability period beginning June 1, 2016 and ending May 31, 2017 (12 months). If either employee averaged 30 or more hours per week/130 hours per month during the initial measurement period, he/she will be offered and enrolled in health coverage during the initial stability period. If either employee averaged fewer than 30 hours per week/130 hours per month during the initial measurement period, he/she will be excluded from health coverage during the initial stability period.

5) Measurement and Administrative Periods – Standard Periods

The City uses a 12-month standard measurement period to measure the hours of all ongoing non-regular part-time, variable-hour, and seasonal employees hired on or before the start of a standard measurement period.

The City uses a standard administrative period of 31 days. The purpose of the standard administrative period is to calculate the hours worked by employees during the preceding standard measurement period and to enroll eligible employees in health coverage during the resulting standard stability period.

The City uses a 12-month standard stability period for purposes of providing or excluding health coverage to ongoing non-regular part-time, variable hour, and seasonal employees. If an employee works an average of 30 hours or more per week/130 hours per month during a standard measurement period, the employee will be deemed a non-regular full-time employee and will be eligible for health coverage during the resulting standard stability period, regardless of the hours worked during the standard stability period, so long as the employee remains employed by the City. If an employee works an average of less than 30 hours per week/130 hours per month during the standard measurement period, the employee will not be deemed a non-regular full-time employee and will not be eligible for health coverage during the resulting standard stability period, regardless of the hours worked during the stability period.

Standard Measurement Period – December 1 of each year through November 30 of the following year

Standard Administrative Period – December 1 through December 31 of each year.

Standard Stability Period – January 1 through December 31 of each year.

To determine the average hours worked by each employee during the 12-month standard measurement period, the City will divide the employee's total hours worked during the period by 52.

Example:

- Employee C is an ongoing variable-hour employee who was hired on or before December 1, 2017 (the start of Employer's standard measurement period).
- Starting in 2017, Employee C's standard measurement period begins December 1, 2017 and ends November 30, 2018 (12 months).
- Employee C's standard administrative period begins December 1, 2018 and ends December 31, 2018. During this period, Employer calculates Employee C's hours worked during the preceding standard measurement period. If Employee C averaged 30 or more hours per week/130 hours per month during the preceding standard measurement period, Employee C will be eligible for health coverage during the resulting standard stability period. If Employee C averaged below 30 hours per week during the preceding standard measurement period, Employee C will be excluded from health coverage during the resulting standard stability period.
- Employee C's standard stability period begins January 1, 2019 and ends December 31, 2019 (12 months).
- Employee C's next standard measurement period begins December 1, 2018 and ends November 30, 2019 (12 months).

6) Measurement and Administrative Periods – Overlapping Initial and Standard Periods

The City's standard measurement periods apply to all ongoing non-regular part-time, variable-hour, and seasonal employees hired by the City on or before the start date of a standard measurement period. New non-regular part-time, variable-hour, and seasonal employees will be measured by both the City's initial measurement period and the first standard measurement period beginning on or after each employee's date of hire.

Example:

- Employee D is a new variable-hour employee. Employee D is hired September 29, 2015.
- Employee D is subject to the first phase of the initial administrative period, beginning September 29, 2015 and ending one day later, September 30, 2015.
- Employee D is subject to an initial measurement period beginning October 1, 2015 and ending September 30, 2016.
- Employee D is subject to the second phase of the initial administrative period, beginning October 1, 2016 and ending on October 31, 2016.

- Employee D is subject to an initial stability period beginning November 1, 2016 and ending October 31, 2017.
- Because Employee D was hired on or before Employer's 2015 standard measurement period, Employee D is concurrently subject to the standard measurement period beginning December 1, 2015 and ending November 30, 2016.
- Employee D is subject to a standard administrative period beginning December 1, 2016 and ending December 31, 2016.
- Employee D is subject to a standard stability period beginning January 1, 2017 and ending December 31, 2017.

Based on the overlapping nature of initial and standard measurement and stability periods, situations will arise where non-regular part-time, variable-hour, and seasonal employees will be subject to simultaneous initial and standard measurement, administrative, and stability periods.

If the City determines an employee is eligible for health coverage during an initial measurement period or standard measurement period, the employee must be enrolled in health coverage for the entire associated stability period. This is the case even if the employee is determined to be eligible for health coverage during the initial measurement period but determined not to be eligible for coverage during the overlapping or immediately following standard measurement period. In such a case, the City may exclude the employee from health coverage only after the end of the initial stability period. Thereafter, the employee's eligibility for health coverage would be determined in the same manner as that of other ongoing non-regular part-time, variable-hour, or seasonal employees.

In contrast, if City determines an employee is not eligible for coverage during the initial measurement period, but is eligible for coverage based on the overlapping or immediately following standard measurement period, employee will be eligible for health coverage for the entire standard stability period (even if the standard stability period begins before the end of the initial stability period). Thereafter, the employee's eligibility for health coverage would be determined in the same manner as other non-regular part-time, variable-hour, or seasonal employees.

7) Rules Concerning Eligibility and Enrollment

To be enrolled in health coverage under the Plan, eligible employees must comply with all applicable application requirements and deadlines. Failure to do so may result in delayed or no enrollment until the next annual enrollment period or upon a qualified change in status.

If an eligible employee's payment for the cost of health coverage is untimely, the terms of the Plan provides when coverage terminates and whether there is a grace period for payment. The City is not required to provide health coverage for the period for which the cost of health coverage is not timely paid and may terminate coverage.

Eligible employees have the right to waive enrollment in the City's health coverage. Employer will provide a written waiver that must be timely completed, signed, and submitted by an eligible employee desiring to waive enrollment. Unless the Plan specifies otherwise, a new waiver must be completed annually. The City will provide otherwise eligible employees who previously waived enrollment in health coverage the opportunity to enroll at least once annually.

Hours for Paid and Unpaid Leave during Measurement Periods

Hours of service for employees during measurement periods include both actual hours of service worked in addition to paid hours for vacation leave, sick leave, holiday leave, or other paid leave.

Periods of unpaid leave, including unpaid FMLA or military leave, are excluded from the hours calculation during any measurement period. *Example:* Employee E is a variable-hour employee subject to a 12-month (52-week) standard measurement period. During the standard measurement period, Employee E takes four weeks of unpaid FMLA leave. The four weeks of unpaid FMLA leave are excluded from the hours calculation. The average is calculated by the total hours worked by Employee E during the standard measurement period (12 months), divided by 48 weeks (instead of 52 weeks).

Administrative periods overlap with measurement and stability periods. Employees offered health coverage during a stability period must remain enrolled in coverage during a subsequent administrative period. Employees excluded from health coverage during a stability period remain excluded from coverage during a subsequent administrative period.

8) Breaks in Service

Employees, regardless of classification, who separate their employment with the City, voluntarily or involuntarily, must have a break in service of at least 13 continuous weeks before being eligible for re-hire. Employees re-hired after a break in service of at least 13 continuous weeks will be treated as a "new" employee, without any consideration given to previous hours worked or previous measurement or stability periods that may have applied prior to separation.

Employees who are re-hired into full-time positions must be enrolled in health coverage no later than the first day of the fourth calendar month following their date of re-hire. Employees who are re-hired into non-regular part-time, variable-hour, or seasonal positions are subject to the City's initial measurement, initial administrative, and initial stability periods.

The City reserves the right to suspend this rule on a case-by-case basis.

