



**CITY OF ROCKLIN
ADMINISTRATIVE POLICY
HEALTHCARE PREMIUMS PAYMENT POLICY**

PURPOSE:

To describe the process for how healthcare premiums will be collected from employees.

BACKGROUND AND DISCUSSION:

New Hires:

The City contracts with CalPERS for healthcare and is required to pay CalPERS for employees' health coverage on the first of the month for that month's health coverage, resulting in the premiums being pre-paid. For example, the payment made on August 1st covers all employees for healthcare for the entire month of August. When an employee begins employment with the City, if they elect to participate in the City sponsored healthcare, their coverage is effective the first day of the month following employment. If you are hired on August 15, 2017, your coverage begins on September 1, 2017, but healthcare deductions are taken from the paycheck in August. Since the City pre-pays CalPERS for healthcare, premiums should be collected from the employee at the time of hire or within the first two paychecks to cover the healthcare costs for the first month of coverage.

Current Employees:

Effective July 2018, premiums collected through payroll deduction shall be applied to the following month's healthcare premiums. For employees who request a change in coverage outside of the open enrollment period, premiums will be collected in the same manner as indicated above for new hires. Should a change in coverage result in a credit back to the employee, the credit will be included on the next regular payroll check.

December Premiums:

Since healthcare premium rates change in January of each year, the premiums collected in December each year will be based on the amount the premiums will cost in January the following year since the healthcare premium is pre-paid to CalPERS.

Leaving Employment:

Since healthcare premiums are prepaid to CalPERS, employees have coverage through the end of the month following the month they end their employment with the City. For example, if you leave employment on August 15, 2017, you have healthcare coverage through September 30, 2017. Since the City takes the normal

bi-weekly payroll health care premium deductions from the employee's check, and in this case the employee only receives one payroll check for the month they are ending employment, the City shall ensure that the employees' portion of the monthly premium has been deducted in full from the employee's final check.

FMLA/CFRA:

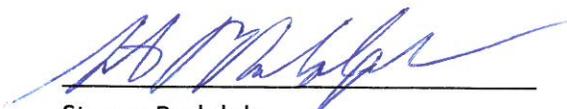
When an employee is out on medical leave covered by the Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA), the City is required to contribute the employer portion towards the cost of the employees' healthcare coverage even if the employee is out of balances and only receiving disability payments. The employee is still required to pay their portion of their medical premium even if they are on unpaid FMLA/CFRA. Additionally, if the employee does not have enough pay to cover their contribution towards the cost of healthcare coverage, then the City will use whatever money is due to the employee to cover their cost of the healthcare coverage and the balance will need to be paid by the employee. The due date of the premium balance payment is considered the date of the paycheck where the contribution should have been deducted. If the amount owed is not paid within 30 days of the due date then healthcare coverage will be cancelled retroactively to the beginning of the month it was unpaid, unless other repayment arrangements are agreed to by the City.

Leave of Absence:

When an employee is out on an unpaid leave of absence and their FMLA/CFRA leave has been exhausted then the employee may maintain health insurance by remitting the full monthly premiums to the City. The City will pay no portion of such premium while the employee is on unpaid leave. If the amount owed is not paid within 30 days of the due date then healthcare coverage will be cancelled retroactively to the beginning of the month it was unpaid, unless other repayment arrangements are agreed to by the City.

POLICY:

Effective with the pay period beginning June 23, 2018, the employee's portion of healthcare premiums will be collected from the employee at the time of hire or within their first two paychecks to cover their healthcare costs for the first month of coverage. Premiums collected in December each year will be based on the amount the premiums will cost in January the following year. The City shall deduct the employee's portion of their monthly healthcare premium for their final month of coverage from the employee's final check. If the employee's portion of the medical contribution owed is not paid in full within ten (10) calendar days from the date the employee received their final check, then healthcare coverage will be cancelled effective the beginning of the month in which the healthcare premium was unpaid, unless other repayment arrangements are agreed to by the City.



Steven Rudolph,
City Manager



Adopted Date