

# Shelby County Board of Education

4004

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## FRINGE BENEFITS

### I. PURPOSE

To ensure that fringe benefits are available to eligible employees; and to provide guidelines for establishing and administering employee fringe benefits.

### II. SCOPE

This policy applies to full-time permanent employees<sup>1</sup> unless otherwise covered by a Memorandum of Understanding (MOU); retirees; and Board Commissioners.

Fringe benefits for full-time permanent employees of charter schools authorized by the Shelby County Schools (SCS) Board shall be administered in accordance with applicable State and federal law(s).

### III. POLICY STATEMENT

Shelby County Schools (SCS) recognizes that certain benefits are an integral part of the total compensation package for employees. It is therefore the intent of the District to offer a benefits package to full-time permanent employees. Benefits offered by the District shall include, but may not be limited to, life insurance and health care plans.

Benefits provided by the District are subject to modification at any time, including, but not limited to, modification of insurance coverage, plan design, covered services, and premiums. Additionally, the District reserves the right to amend or terminate any benefit plan at any time. Notification to employees shall be provided if changes and/or modifications are made.

Documents describing the terms and conditions related to the operation and administration of each benefit plan shall be considered the governing document. Should Board policy and the benefit plan document contradict, the benefit plan document shall govern.

## **A. EMPLOYEE INSURANCE BENEFITS**

### **1. Healthcare Benefits – Individual and Family**

All full-time permanent employees<sup>1</sup> are eligible to participate in the voluntary group healthcare insurance plans provided by the District. Application for healthcare coverage for the employee and eligible family members must be made within thirty (30) days of the following:

- Date of hire
- Change from an ineligible to eligible employment status (i.e., part-time to full-time)

Employees electing to participate in an individual and/or family healthcare plan shall be required to contribute to the cost of the coverage. The amount of the contribution will be established annually and paid through payroll deduction in twenty (20) biweekly payments. Unless otherwise requested by the employee, all deductions shall be on a pre-tax basis. Benefits shall become effective the first of the month following 30 days of employment and expire on the last day of the month during which the employee terminates from service with the District.

Unless otherwise permitted by law or the Shelby County Schools Fringe Benefits Plan (hereinafter referred to as the Plan), application for enrollment and/or changes to healthcare coverage plans must be submitted within the timeframe outlined by the District and indicated in the Administrative Rules and Regulations.

#### Dental and Vision

Optional dental and vision plans are also available through the District at a group rate. The same above referenced provisions shall apply.

### **2. Life Insurance – Employee and Dependent**

All full-time permanent employees are eligible to participate in the voluntary group life insurance plans provided by the District. Application for life insurance coverage (employee and eligible dependents) must be made within thirty (30) days of employment. Coverage shall become effective the first day of the month following thirty (30) days of employment period and expire on the last day of the month during which the employee terminates from service with the District.

Details regarding Life Insurance coverage for eligible District employees are available in the Certificate of Coverage for Plan.

### **Employee Life Insurance**

The amount of life insurance to which the employee is entitled is equal to two (2) times their annual base salary rounded to the nearest one thousand dollars (\$1,000), to a maximum benefit of three-hundred-thousand dollars (\$300,000). An equal amount of Accidental Death and Dismemberment coverage is also provided to covered employees.

The District and employee shall share in the cost for employee life insurance coverage. The employee's portion of the coverage shall be paid through payroll deduction.

### **Dependent Life Insurance**

Employees may purchase additional dependent life insurance coverage for eligible dependents. The total cost (100%) for additional coverage shall be paid by the employee through payroll deduction.

## **B. RETIREE INSURANCE BENEFITS**

### **1. Eligibility Criteria**

An employee who retires under the Tennessee Consolidated Retirement System (T.C.R.S) may be eligible to continue participation in the District's group health and life insurance program providing he/she meets the following eligibility criteria. An exception may apply to Memphis City Schools' employees who are offered and accept a position with Shelby County Schools as a result of the consolidation of school systems (see eligibility criteria for former Memphis City Schools Employees).

#### **a. Employed by Shelby County Schools July 1, 2013 and Thereafter**

Required to complete fifteen (15) years of continuous service with the District; and participate in a health plan offered by the District for the two (2) years immediately prior to retirement.

*The above shall be applicable to any employee not meeting any of the following conditions:*

#### **b. Employed by Shelby County Schools prior to July 1, 2013**

Required to retire under the T.C.R.S; and complete fifteen (15) years of continuous service with Shelby County Schools. Teachers may complete a combination of ten (10) years of service with another school district (as reflected in T.C.R.S. or the Tennessee Department of Education records) **and** complete five (5) years of continuous service with Shelby County Schools immediately prior to retirement.

Former Memphis City Schools Employees

Exceptions to the above criteria are provided for former employees of Memphis City Schools who are offered and accept a position with Shelby County Schools on or before June 30, 2013 as a result of the consolidation of the school districts:

**c. Employed by Memphis City Schools prior to January 1, 2007**

Required to be covered continuously by a health plan offered by either Memphis City Schools or Shelby County Schools or some combination thereof for the five (5) years immediately prior to retirement.

**d. Employed by Memphis City Schools January 1, 2007 and Thereafter**

Required to be covered continuously by a health plan offered by either Memphis City Schools or Shelby County Schools or some combination thereof for the ten (10) years immediately prior to retirement.

**2. Health Insurance at Retirement**

Eligible employees retiring prior to age sixty-five (65) and their covered dependents may continue to participate in the same health insurance programs, including all plan options, that are offered to active Shelby County Schools employees. The District and retiring employee shall share the cost of the premium.

Upon eligibility to receive Medicare health insurance benefits, the retiree and/or their covered dependents shall no longer be eligible to participate in The Plan offered by the District to active employees and pre-65-year-old retirees. The District, however, shall provide a supplemental health insurance policy and prescription benefits. The cost of the premium shall be shared by the District and retiree. The District shall determine the amount and coverage of the supplemental health insurance policy provided.

If a retiree becomes eligible to receive Medicare health insurance benefits and that retiree participates in a dependent coverage plan, any dependent that has not become eligible to receive Medicare health insurance benefits may continue to participate in The Plan offered to dependents of active employees and pre-65-year-old retired employees. The District and employee shall share in the cost of the premium.

**3. Life Insurance**

Upon retirement from active service the amount of life insurance then in force

shall reduce fifty percent (50%) to cap at a maximum of fifty-thousand dollars (\$50,000).

#### **4. Surviving Spouse Coverage**

The spouse of a retired employee who is covered as a dependent at the time of the retiree's death may exercise the option for surviving spouse coverage. If said spouse should remarry, and become eligible under another group insurance plan, coverage will cease on the effective date of the second plan. If said spouse should remarry and is not eligible under another plan, said spouse may retain coverage until Medicare eligible. Under no circumstances is coverage extended to the new spouse or dependent children of the new spouse.

If the deceased employee had family coverage at the time of his/her death and coverage included one or more children, the same conditions would apply as under the present contract.

Rates in effect at the time would be borne by the surviving spouse in accordance with the type of coverage for which they are eligible. The cost to the surviving spouse will be one hundred percent (100%) of the premium in all cases. Failure to pay premiums will cause coverage to cease immediately.

#### **C. BOARD COMMISSIONER INSURANCE BENEFITS**

Application for healthcare coverage for a Board Commissioner and eligible family members must be made within the first thirty (30) days of the first date of service. If an application is not received within the first thirty (30) days of the first date of service, the Board Commissioner is eligible to submit an application during the Annual Open Enrollment period. Questions regarding insurance benefits for Board members should be directed to the office responsible for employee benefits.

### **IV. RESPONSIBILITY**

- A. Employees and qualifying individuals are responsible for complying with the provisions outlined in this policy as well as the provisions outlined by their insurance plan.
- B. Employees are responsible for notifying the office responsible for Human Resources of any change in status or qualifying event related to their health insurance. Failure to notify the office responsible for Human Resources within the timeframe set forth in this policy may result in coverage termination and/or forfeiture of paid insurance premiums.
- C. The department responsible for Human Resources is responsible for:

1. Ensuring that employees and qualifying individuals who elect coverage by a group insurance plan are properly set up to have payroll deductions for the cost of insurance coverage;
  2. Establishing a payment schedule for payment of premiums for retirees, for sending notification when payment is delinquent, and for notifying retirees when insurance coverage ceases due to nonpayment of premiums;
  3. Establishing a payment schedule for surviving spouses and for sending notification when payment is delinquent due to nonpayment of premiums;
  4. Ensuring that employees are notified of their option to continue insurance coverage under COBRA when separating from the District;
  5. Answering any questions pertaining to this policy; and
  6. Ensuring that this policy is properly administered.
- D. The Superintendent is responsible for determining if this policy is followed.

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**Legal References:**

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**Cross References:**

**4054 Employment Classification**

## Administrative Rules and Regulations FRINGE BENEFITS

### General Provisions

- A. As deemed necessary, an Employee Benefits Committee shall determine all questions of fact arising under this policy and the Board of Review's findings and interpretation shall be final.
- B. Insurance coverage will cease if premiums are not paid in a timely manner. Under no condition will coverage be reinstated for an employee, dependent, retiree, or Board Commissioner after retirement or employment separation if coverage was ceased for nonpayment of premiums.

An employee retiring May 2014 and thereafter shall be required to have insurance premiums deducted from his/her TCRS retirement check except when the TCRS retirement check is less than the required premium amount. In such cases, the amount of the premium shall be paid directly to the district by the retiree.

- C. Full-time permanent employees become eligible for coverage on the first day of the month following thirty (30) days of employment, provided an enrollment request is received within the first thirty (30) days of employment. If an enrollment request is not received within the first thirty (30) days of employment, the employee is eligible to submit an application during the Annual Open Enrollment period.

Special enrollment opportunities, as defined in federal law (HIPAA), are available to eligible employees, dependents, and COBRA-qualified beneficiaries for any of the following: 1) birth/adoption of a child; 2) new spouse; 3) loss of insurance coverage for the employee or a dependent due to a change in family status (divorce, death, loss of spouse's job); or 4) a court order. The enrollment request must be received within thirty (30) days of the qualifying event. After thirty (30) days, enrollment requests will not be accepted until Annual Open Enrollment. Under certain circumstances, changes to employee benefit elections during the

plan year may be permissible if there is an eligible qualifying event as determined by the Internal Revenue Service (IRS) Code, Section 125. Eligible qualifying events include changes in marital status, number of dependents, employment status, insurance coverage or cost, and loss or gain of coverage or eligibility. The enrollment change request must be received within thirty (30) days of the qualifying event. After thirty (30) days, enrollment requests will not be accepted until Annual Open Enrollment

D. Dependents become eligible for coverage on the date the employee becomes eligible for insurance, or on the date the employee acquires the first dependent, whichever is the later date. One cannot be covered as both an employee and a dependent under a Group Insurance Plan. A dependent cannot be covered by more than one SCS Employee. Dependent is defined as legal spouse and/or child (natural child, legally adopted child, step-child, foster child, or a child for whom you are the legal guardian). Anyone who is eligible as an SCS Employee cannot be covered as dependent.

E. Any retiree (or their covered dependent) who turns age sixty-five (65) must enroll in Medicare Part A and B in order to continue health insurance as a retiree of SCS. Failure to enroll in Medicare A and B may result in termination of all retiree health insurance benefits.

If retiree health coverage is declined or cancelled at any time, the coverage will not be reinstated for any reason other than an administrative error. This also applies to coverage cancellation for dependent coverage under the retiree's health plan.

F. Board members become eligible for coverage on the first day of the month following thirty (30) calendar-days served provided an enrollment request is received within the first thirty (30) days of service. If an enrollment request is not received within the first thirty (30) days of service, the Board Commissioner is eligible to submit an enrollment request during the Annual Open Enrollment period.

G. Eligible employees may continue insurance coverage while on an approved medical leave by paying the applicable employee rate for coverage. Failure to pay the appropriate premium may result in coverage termination and coverage may not be reinstated until return from the leave. Employees who are applying for TCRS disability retirement when their maximum leave period expires will be offered COBRA continuation coverage. If COBRA coverage is elected and the employee is approved for TCRS Disability benefits during their COBRA coverage period,



the employee will be allowed to enroll in the Board's retiree health plans if all COBRA and other eligibility requirements have been satisfied.

The employee must make application to resume healthcare coverage within thirty (30) days upon completion of and return from an unpaid leave in which insurance coverage was not continued.