City of Salem
Health Insurance "Opt-Out" Program
Covering Fiscal Years 2025 - 2026

1) City of Salem ("City") employees who are currently participating in the City's health insurance program whether it be an individual or family plan, have the option to drop their health insurance plan.

2) Employees who have elected to not enroll in any of the plans offered to them through the GIC effective July 1, 2024 have the option to participate in the Opt-Out Program. Such employees must have had coverage with the City of Salem under the prior offered to employees through the GIC.

3) Employees who drop their insurance shall be eligible to receive a lump sum in the amount in the attached "Schedule A". This benefit shall be paid on the first pay period for December and June for fiscal years 2025 and 2026.

4) To be eligible to participate in this program, the employee must complete the Health Insurance "Opt-Out" Program Verification Form and provide the City with proof of insurance from another provider.

5) By participating in this program, the employee waives his/her eligibility to receive health insurance from the City for the two (2) year period from July 1, 2024 through June 30, 2026.

6) An employee who decides to participate in this program, and drops his/her health insurance coverage through the City, may re-enroll in the program during the two-year period only if the employee has a qualifying event, as recognized by the health plans' underwriting rules. The qualifying events are:

a) Marriage or divorce
b) Birth or adoption of a child
c) Death of a family member
d) Lack of other coverage through no fault of the employee or subscriber
e) Change in hours, which results in change of employment status

In order to re-enroll in the City's program, the employee must notify the Benefits Manager in the Human Resource Department within thirty (30) days of the qualifying event and provide written documentation of same. If the employee has a qualifying event and needs to re-enroll in the City insurance, the employee's opt-out benefit shall be reduced proportionately for the time the employee re-subscribes in the program. The employee's health insurance premiums shall be adjusted so as to recapture any of the opt-out benefits for which the employee was not entitled. Any employee who voluntarily terminates their employment after the opt-out incentive has been paid will be required to reimburse the City of Salem the applicable, pro-rated amount for the period after termination. This re-payment does not apply to employees retiring from the City of Salem who are entitled to continue their opt-out enrollment. Existing retirees are not eligible for this program unless they were accepted into the opt-out program prior to retirement.

7) Participation in this program shall be limited to ten percent of the number of subscribers in the plans offered through the GIC to the City of Salem. The ten percent shall be determined on a first come, first serve basis by the employee appearing in the Human Resource office, or at an open enrollment meeting, with proof of insurance as referenced above and filling out the attached form. If the ten percent is not reached at the end of the open enrollment period, employees may choose to opt-out at any point during the plan year. **An employee opting out after July 1, 2024 shall have his/her lump sum payment proportionately reduced by the amount of the time he/she continued to participate in the City insurance after July 1, 2024.**

8) At the end of the two year period, the employee may select any carrier and plan then offered by the City for which he/she is otherwise eligible.

9) Employees may not participate in this plan by switching coverage to their spouse, if their spouse is also an employee of the City of Salem.

10) In order to be eligible for the opt-out program, the employee must have been enrolled in a medical insurance plan with the City of Salem for twelve (12) consecutive months.

11) Employees may not opt-out, re-enroll, and opt-out again. The Opt-Out Program is designed to be a ONE TIME ONLY benefit.

Disputes or issues that arise regarding enrollment periods or rules relating to implementation of the program will be reviewed by the Mayor and the Human Resources Director. Their decision shall be final and binding, and they may promulgate rules and regulations necessary to implement this program.

Date: _____ _____

Linda J. Richard, Benefits Coordinator
Jim Taliadoros, Benefits Manager
Lisa B. Cammarata, Human Resources Director

Schedule A

Opt-Out Health Insurance
All plans

Effective July 1, 2024, employees have the option to opt-out of plans offered under the GIC, assuming enrollment for the prior 12 months in a health insurance plan offered by the City of Salem.

	Individual	Family
Total Two Year Benefit	**$ 2,400.00**	**$ 6,000.00**
Payments (before taxes) **		
December 2024	**$ 600.00**	**$ 1,500.00**
June 2025	**$ 600.00**	**$ 1,500.00**
December 2025	**$ 600.00**	**$ 1,500.00**
June 2026	**$ 600.00**	**$ 1,500.00**

****** These payments are eligible to be paid out via deferred compensation plan (403b or 457) on a pre-tax basis, depending if an employee is already enrolled, or contributes less than the maximum allowable by IRS regulations.

City of Salem
Health Insurance "Opt-Out" Program Verification Form FY'25 – FY'26

1) I, _____, in consideration of the sum of $_____, hereby agree to waive my eligibility to obtain health insurance (medical only) from the City of Salem for the period July 1, 2024 through June 30, 2026.

2) I hereby acknowledge that my decision not to participate in the City's health plans in made voluntarily, and that I have provided the City with proof of health insurance from another provider. I further acknowledge that, for the period July 1, 2024 to June 30, 2026 I am only eligible to re-enroll in the City's health insurance plans if one of the below listed qualifying events occurs:

a) Marriage or divorce
b) Birth or adoption of a child
c) Death of a family member
d) Lack of other coverage through no fault of the employee or subscriber
e) Change in hours, which results in change of employment status

3) To re-enroll, City employees must notify the City's Human Resource Benefits Manager, Jim Taliadoros at 978-619-5632 and School employees must notify the School Department Benefits Coordinator, Linda Richard at 978-740-1243 within thirty (30) days of one of the qualifying events listed above, and will be required to refund the City any portion of consideration above on a pro-rata basis to which I am not entitled due to my failure to complete the two-year period.

4) I further acknowledge that the considerations listed above, less any required withholding, shall be paid to me by the City in four equal installments in December 2024, June 2025, December 2025, and June 2026.

_____ _____
Signature Social Security Number

_____ _____
Address – Street City, State, Zip Code

Human Resource Office Use Only

1st Payment $_____ Date: _____ 3rd Payment $_____Date: _____

2nd Payment $_____ Date: _____ 4th Payment $_____Date: _____

Employee: _____
Vendor #: _____

Health Plan: _____ Individual/Family (circle)

Proof of Coverage Attached: Y/N _____ Initials