

Division of Benefits Administration
Local Government Agency--Retiree Coverage Election Form

On January 17, 2019, the Local Government Insurance Committee adopted final amendments to the Plan Document that allow each local government agency to decide whether or not to offer the State Insurance Plan's pre-65 retiree health coverage to its members. Each agency has the choice to either (1) "opt in" and continue to offer retiree coverage to its active employees and retirees; (2) "opt out" and no longer offer retiree coverage to its active employees or its current retirees; or (3) "opt out" on a limited basis and no longer offer retiree coverage to its active employees, but continue to offer retiree coverage to retirees having health insurance coverage on the Plan beginning on or before June 1 of the year in which the agency signs this Election Form. This form must be filled out and returned by each agency to record its choice of one of these three options.

- An agency election to opt out of offering retiree health coverage will also prohibit the agency from offering retiree vision coverage, if applicable, because a retired person may not be enrolled in retiree vision coverage unless they are also enrolled in retiree health coverage.
- The agency is responsible for securing any necessary board, commission or governing body authorization, if needed, prior to submitting the Election Form.
- The agency is also responsible for communicating all decisions regarding retiree coverage to its employees and retirees.

Terms and Conditions

1. Page Two of this form must be returned to the Division of Benefits Administration on or before March 31, 2019. The form must identify the local government agency, be signed by the local government agency head and fiscal officer, and clearly designate an election of one of the three available options. **An agency which has not submitted a form by the required date will be treated as having chosen option number one (1), which is the election to "opt in" to continue to offer retiree health insurance to all eligible active employees and current retirees.** The opt-in election will be effective June 30 of the year in which the election form is signed. Such election is binding for the Other Postemployment Benefits (OPEB) liability determination for the entire upcoming state fiscal year ending June 30, and will continue to be effective until such election is changed in writing at the time designated for submitting such notice. The agency will not be permitted to change its retiree coverage status until the selection period for the following fiscal year.

2. An agency's choice to opt out and no longer offer retiree coverage to its active employees or to its active employees and retirees is irrevocable. An agency which has elected either option number two (2) or three (3) above will not be permitted to offer retiree health coverage (or retiree vision coverage) after June 30 of the year in which the agency signs the Election Form, except to retirees having insurance coverage on the retiree plan effective on or before June 1 of that year if option three (3) is selected.

3. Neither the Local Government Insurance Committee nor the Division of Benefits Administration is responsible for the determination of an agency's total OPEB liability as prescribed by the statements of the Government Accounting Standards Board (GASB) or Financial Accounting Standards Board (FASB). Benefits Administration valuations of OPEB liability are limited to plans administered by Benefits Administration. Agencies are responsible for the valuation of OPEB benefits not offered by Benefits Administration. Each agency's management is strongly urged to consult with its independent auditors to ensure the proper and complete reporting of its OPEB liability.

4. Individual agencies may have a binding legal obligation, through local ordinance, resolution, contract or other arrangement, to offer retiree health insurance coverage to some or all of its retirees. Each agency must determine whether or not such obligation exists and neither the Insurance Committee nor Benefits Administration will provide advice regarding whether such obligation exists. This is a legal issue and each agency is strongly urged to consult with its legal counsel. If an agency elects option two (2) or three (3), it will bear all risks of a legal challenge to this decision, including any damages that may be awarded. An agency that opts out will not be allowed to return to retiree health or vision coverage under the Local Government Plan even if it is determined that it has a legal obligation to continue to offer retiree coverage.

ELECTION

Local Government Agency _____ hereby makes the following election concerning health insurance coverage for retirees under the Local Government Insurance Plan:

OPT IN (1) This agency elects to continue to offer pre-65 retiree health insurance coverage under the Local Government Insurance Plan to all eligible active employees and retirees. We understand that this decision is effective as of June 30 of the year in which this election form is signed, that it is binding for the OPEB liability determination for the upcoming fiscal year ending June 30, and that we will be given another opportunity to choose whether or not to continue to offer retiree coverage for the following fiscal year. We understand that our election to opt in will continue to be effective until such election is changed in writing at the time designated for submitting such notice. We further understand that the agency is responsible for communicating all decisions regarding retiree coverage to its employees and retirees.

OPT OUT (2) This agency elects to no longer offer pre-65 retiree health insurance coverage and retiree vision insurance (if applicable) under the Local Government Insurance Plan to our active employees or to our retirees. We understand that this means that no current employees or retirees will be eligible for retiree health or vision coverage as of June 30 of the year in which this election form is signed. We understand and acknowledge that we have been advised to consult legal counsel concerning this decision. We acknowledge that this election to opt out is permanent, and that this agency is not permitted to offer retiree health or vision coverage under the state insurance plan after June 30 of the year of the agency's election to opt out. We further understand that the agency is responsible for communicating all decisions regarding retiree coverage to its employees and retirees.

LIMITED OPT OUT WITH CONTINUED COVERAGE FOR CURRENT RETIREES (3) This agency elects to opt out of offering pre-65 retiree health insurance coverage and retiree vision insurance (if applicable) under the Local Government Insurance Plan to our active employees, but to continue to offer retiree health coverage and retiree vision coverage (if applicable) to all current retirees.

We understand that this means that no active employees will be eligible for retiree health or vision coverage (if applicable) as of June 30 of the year in which this election form is signed, but that all retirees having insurance coverage on the retiree plan effective on or before June 1 of that year will remain eligible to continue retiree coverage subject to Plan rules. We understand that coverage starts on the first day of the month and that June 1 of the year in which this election form is signed is the last effective date which will qualify a retiree as a current retiree eligible to continue coverage prior to the June 30 opt out date.

We understand and acknowledge that we have been advised to consult legal counsel concerning this decision. We acknowledge that this agency is not permitted to offer retiree health or vision coverage under the State Insurance Plan to active employees after June 30 of the year of the agency's election to opt out. However, an agency may elect to opt out of continuing coverage for current retirees by timely submitting an election for option two (2) in a subsequent plan year. We further understand that the agency is responsible for communicating all decisions regarding retiree coverage to its employees and retirees.

Name of Local Government Agency

Head of Agency (printed name/signature) **REQUIRED**

DATE

Fiscal Officer (printed name/signature) **REQUIRED**

DATE

Check one option box, sign the form, and return by email to Benefits.Administration@tn.gov by March 31st, 2019.