



**ADMINISTRATIVE
REGULATION**

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January 1, 2017

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July 1, 2022

NUMBER:
CC Reg. CM-56
(Formerly ASD-37)

DPR:
City Manager

**CITY OF CHANDLER BENEFITS PLANS – DEFINITIONS
AND REQUIRED NOTICES**

I. PURPOSE

- A. To outline and define City of Chandler benefit plan terminology and provide a reference of benefit plan information and required notices.

II. RESPONSIBILITY

- A. Human Resources shall ensure compliance with this Administrative Regulation.

III. DEFINITIONS

These definitions are in addition to the definitions of any other terms that appear elsewhere in the Administrative Regulations. Whenever used in the Administrative Regulations the following terms shall have the respective meanings set forth below unless otherwise required by the context in which they are used:

- A. *Accidental Death and Dismemberment (AD&D) Plan* - a plan of coverage that provides an indemnity benefit in the event of an Employee’s accidental death or dismemberment.
- B. *Actively At Work* - an Employee who reports to their regular place of employment with the City and performs the usual duties of their position. However, a Participant shall be considered to be actively at work on the last day preceding regular paid leave or on a regular non-working day, provided the Employee was actively at work on the last preceding regular workday. Provided further, that in the case of any Health Plan which is subject to the

Health Insurance Portability and Accountability Act of 1996 (HIPAA), an Employee who is absent from work due to a health factor shall be treated as actively at work.

- C. *Administrative Services Agreement* - the written agreement and any attachments thereto, as amended, between the Plan Administrator and a service provider as needed to describe services to be provided by such provider for the City's self-funded benefits.
- D. *Alternate Recipient* - any Child of a covered Employee or Retiree who is recognized under a Qualified Medical Child Support Order (QMCSO) as having a right of enrollment under this Plan as the covered Employee's or Retiree's Eligible Dependent.
- E. *Annual/Open Enrollment* - the time period set aside each year, as announced by the City for Eligible Participants to change their elections under the Plan. Election changes shall be effective as of the first day of the next following Plan Year and shall continue in effect throughout that entire Plan Year, except permissible Mid-Year/Special Enrollment Events as authorized by the Internal Revenue Code and the City of Chandler Section 125 Plan as outlined in Administrative Regulation CM-53 – Benefit Plan Mid-Year/Special Enrollment Changes.
- F. *Benefit Plan* - the Medical Plan, Dental Plan, Vision Plan Accidental Death and Dismemberment Plan, Travel Accident Plan, Employee Assistance Plan, Health Savings Account (HSA), Flexible Spending Account (FSA), Dependent Flexible Spending Account (DFSA), Life Insurance Plan, Long-Term Disability (LTD) Plan, Short-Term Disability (STD) Plan or Retirement Health Savings Plan (RHSP).
- G. *Child/Children* - See the definition of Eligible Dependent in Paragraph "P" below.
- H. *City* - the City of Chandler, organized and existing under the laws of the State of Arizona.
- I. *Claims Administrator* - with respect to any Benefit Plan, any individual or entity who is under a contract or agreement with the Plan Administrator to provide claim administration and related services.

- J. *COBRA* - the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99-272), as amended, and regulations issued thereunder, which provides continuation of coverage under certain circumstances at the full cost of coverage plus applicable administrative fees.
- K. *Code* - the Internal Revenue Code of 1986, as amended from time to time. Each reference in this Plan to the Code or any provision thereof shall be deemed to include reference to any comparable or succeeding statutory provision that supplements or replaces the provision(s) of the Code to which such reference is made.
- L. *Covered Expense* - a charge for a service or supply allowable under the applicable Benefit Plan.
- M. *Covered Person* - Eligible Employees, Surviving Spouse, Surviving Dependent Child(ren), Retirees, Beneficiaries and Dependents who satisfy the requirements of coverage under the relevant Benefit Plan.
- N. *Date of Hire* - the first date on which an Employee is credited with an Hour of Service.
- O. *Dental Plan* - a plan providing dental benefits.
- P. *Dependent* - an "Eligible Dependent" who is properly enrolled for coverage under a Benefit Plan.
- Q. *Disability/Disabled* - a physical or mental condition that renders the Employee Eligible for disability payments under the Social Security Act. See also Eligible Dependent for adult disabled child in Paragraph S(2)(g) below.
- R. *Elected Official* - the Mayor of the City of Chandler and City Councilmembers Eligible for certain City benefits only while serving in office.
- S. *Eligible Dependent*
1. The legally married Spouse of an Employee/Retiree who is not divorced from the Employee/Retiree;
 2. A Child of an Employee/Retiree who is married or unmarried and is less than twenty-six (26) years old including these categories of children:

- a. Biological or birth child(ren);
- b. Legally adopted children (or a child placed for adoption with the Employee/Retiree; a child is "Placed for Adoption" with the Employee/Retiree on the date the Employee/Retiree first becomes legally obligated to provide full or partial support of the child whom the Employee/Retiree plans to adopt);
- c. Stepchildren (when parent is legally married to the Eligible Employee/ Retiree);
- d. Foster children;
- e. Children under the legal custody or legal guardianship of the Employee/Retiree;
- f. Children who are subject of a valid Qualified Medical Child Support Order (QMCSO), as determined by Human Resources; and
- g. Adult disabled child: Child of an Employee/Retiree, who is age twenty-six (26) or older, may continue coverage beyond the normal age limit if the disabled child is unmarried, and primarily supported by the Employee/Retiree, and incapable of sustaining employment by reason of mental or physical disability.
 - i. Disability refers to the inability of a person to be self-sufficient as the result of a physically or mentally disabling injury, illness, or condition, and the person is permanently and totally disabled in that they are unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months and the condition was diagnosed by a Physician, and accepted by the Plan Administrator or its designee, as a permanent and continuing condition.
 - ii. Proof of the child's disability and dependence must be submitted to the City within 31 calendar days after the child reaches the normal age limit for termination of coverage. The

City may, from time to time, require proof of the continuation of such condition and dependence.

iii. A child whose coverage has terminated under this Plan due to reaching the age limit, and then becomes disabled, is not eligible to re-enroll as a disabled Dependent child under this Plan.

h. An adult child is eligible through the end of the month of their twenty-sixth (26th) birthday.

T. *Eligible Employee* - any of the following:

1. Eligibility for Medical Plan benefits:

a. A full-time budgeted Employee averaging at least thirty (30) hours of service per week;

b. A part-time budgeted Employee (RPT) averaging at least twenty (20) hours of service per week;

c. A non-budgeted Employee averaging at least thirty (30) hours of service per week (medical plan only);

d. An Elected Official, only while serving in their elected capacity.

2. Eligibility for Dental Plan, Vision Plan, and other Employee benefits:

a. A regular Employee or initial probationary Employee who works in a budgeted position averaging at least twenty (20) hours of service per week;

b. An Elected Official, only while serving in their elected capacity.

U. *Employee* - any person employed and reported by the City as a common law Employee in accordance with the Patient Protection and Affordable Care Act (PPACA).

V. *Employee Assistance Program (EAP)* - the Employee Assistance Program (EAP) is an independent firm under contract with the City to provide professional,

confidential, short-term counseling and referral (at no cost) to help individuals cope with personal problems that impact their home and work life. EAP counselors can help with stress, marriage, family, work-related problems, substance abuse (alcohol and drug treatment), crisis intervention along with financial and legal problems.

- W. *Employer* - the City of Chandler in Chandler Arizona.
- X. *Group Health Plan* - a group benefit plan, other than those provided under this Plan that provides medical, dental and/or vision coverage on an insured or uninsured basis. Group Health Plan includes, but is not limited to, any group, blanket, or franchise insurance, group practice or prepaid coverage plans, labor-management trusteed plans, union welfare plans, employer organization plans, group automobile insurance, individual automobile insurance based on the principles of "no fault" coverage, group coverage sponsored by or provided through a school, university or other educational institution, coverage under any governmental program, and coverage required or provided by law.
- Y. *Health Plan* - any health plans that are offered by the Employer. Such plans may include those providing medical, prescription drug, behavioral health care or similar benefits, dental, or vision services.
- Z. *HIPAA* - the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations issued thereunder.
- AA. *Hour(s) of Service* - (1) each hour for which an Employee is paid, or entitled to payment, for the performance of duties for an employer; and (2) each hour for which an Employee is paid, or entitled to payment by an employer on account of a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence. An hour of service does not include any hour of service performed as a bona fide volunteer, as part of a Federal Work-Study Program (or a substantially similar program of a State or political subdivision thereof) or (according to the final Shared Responsibility regulations) to the extent the compensation for services performed constitutes "income from sources without the United States". A period of disability is an hour of service if the employer pays directly or indirectly for disability coverage (IRS notice 2015-87).

- BB. *Insurer* - an insurance company with a signed contract with the Plan Administrator to provide coverage under one or more of the Benefit Plans.
- CC. *Insurance Policy* - the written agreement, as amended, between the Plan Administrator and an Insurer, which provides for insurance of one or more of the Benefit Plans. Any Insurance Policy shall be effective in accordance with the terms of such policy.
- DD. *Life Insurance Plan* - any plan of group-term life insurance (as described in Section 79 of the Code) or any other life insurance plan that may be offered by the Employer.
- EE. *Long-Term Disability Plan* - the plan providing long-term disability benefits to certain Eligible Employees.
- FF. *Look Back Period* - the method used to determine if a City Employee reaches the level of a full-time Employee as defined in IRS regulations under the Patient Protection and Affordable Care Act (PPACA).
- GG. *Medical Plan* - any plan providing medical benefits.
- HH. *Mid-Year Changes* - certain changes that may be permitted to be made during the year (mid-year) if the Plan Administrator or its designee determines there is a permissible Mid-Year Change Event (as permitted by the IRS). Special Enrollment is one of the IRS permitted mid-year changes. See Special Enrollment definition. Administrative Regulation CM-53 – Benefit Plan Mid-Year/Special Enrollment Changes includes procedures on mid-year changes.
- II. *Participant* - any Eligible Employee, Retiree or Dependent Eligible to participate in the Plan according to the eligibility provisions of the Plan and who takes all steps necessary to enroll for and maintain enrollment under the Plan.
- JJ. *Plan* - the City of Chandler Employee Benefits Plan as set forth herein and as amended from time to time.
- KK. *Plan Administrator* - the Human Resource Director or designee at the City of Chandler responsible for the administration of the Plan.
- LL. *Plan Sponsor* - the City of Chandler.

- MM. *Plan Year* - the period commencing each January 1 and ending the following December 31.
- NN. *Prescription Drug Plan* - the outpatient prescription drug benefits, as part of the medical plans.
- OO. *Prospective* - in the future.
- PP. *Qualified Beneficiary* - any person afforded rights of continued health benefits coverage under COBRA as a result of a qualifying event, as defined in COBRA and in the Health Plan.
- QQ. *Qualified Medical Child Support Order (QMCSO)* - a court or administrative order requiring the Plan to provide medical coverage to an Eligible Child, as described in CM-51 (Proof of Dependent Status for City of Chandler Health Plans).
- RR. *Retiree* - an Employee or Elected Official who commences a pension through the Arizona State Retirement System (ASRS), Public Safety Personnel Retirement System (PSPRS) or the Elected Officials Retirement Program (EORP) who otherwise meets the criteria for participation as a Retiree in the Medical, Dental, Vision and Basic Life Plans.
- SS. *Retirement Health Savings Plan (RHSP)* - contributions are made by the City of Chandler while employed and in some cases upon separation from service. Assets are invested in Mutual Funds. Earnings are tax-deferred, and withdrawals are tax-free when used for reimbursement of qualified health care expenses.
- TT. *Short-Term Disability (STD) Plan* - the plan providing short-term disability benefits to certain Eligible Employees.
- UU. *Special Enrollment* - the requirement, in accordance with HIPAA, on group health plans to provide special enrollment periods during which individuals who previously declined health coverage for themselves and their dependents may be allowed to enroll, if otherwise eligible, (regardless of any open enrollment period). Special enrollment rights can occur when:
1. An individual loses eligibility for coverage under a group health plan or other health insurance coverage (such as an Employee and his/her

dependents' loss of coverage under the spouse's plan) or when an employer terminates contributions toward health coverage;

2. An individual becomes a new dependent through marriage, birth, adoption, or being placed for adoption;
3. An individual loses coverage under a State Children's Health Insurance Program (CHIP) or Medicaid, or becomes eligible to receive premium assistance under those programs for group health plan coverage;
4. See Administrative Regulation CM-53 – Benefit Plan Mid-Year/Special Enrollment Changes for more information on Special enrollment.

VV. *Spouse* - the person legally married to the Employee or Retiree.

WW. *Surviving Spouse and Surviving Dependent Child* - the Spouse and Eligible Children covered under a City-sponsored medical, dental or vision plan at the time an Employee is killed in the line of duty in the course and scope of their employment with the City of Chandler.

XX. *Travel Accident Plan* - the plan of coverage providing benefits to Employees in the event of an accident while the Employee is traveling on the Employer's business, as identified in the Appendix.

YY. *Trust* - the Chandler Health Care Benefits Trust.

IV. QUICK REFERENCE CHART

A quick reference chart with provider contact information is located and maintained on Chanweb or by following this link.

Contact the Human Resources Benefits Division with any questions.

V. REQUIRED NOTICES

The following documents can be found on the Human Resources Benefits/Medical Plans/Important Benefit Plan Notices pages.

A. Active Employee Required Notices

- B. Retiree Required Notices
- C. COBRA Required Notices

VI. RELATED ADMINISTRATIVE REGULATIONS

- CM-49 Active Employees Benefits Plan Eligibility
- CM-51 Proof of Dependent Status for City of Chandler Health Plans
- CM-53 Benefit Plan Mid-Year/Special Enrollment Changes
- CM-50 Retiree Benefit Plan Eligibility and Procedures
- CM-52 Benefit Plan Termination

Attachments: N/A

Rae Lynn Nelson
Director of Human Resources

[Signature]
City Manager

1-1-2022
Effective Date