

RESOLUTION NO. 08-2023

**A RESOLUTION OF THE CITY OF SEMINOLE, FLORIDA,
CREATING A HEALTH INSURANCE PROGRAM OPT OUT
COMPENSATION PROGRAM; REPEALING A PRIOR
SIMILAR PROGRAM; MAKING RELATED FINDINGS; AND
PROVIDING FOR SEVERABILITY AND AN EFFECTIVE
DATE.**

WHEREAS, Florida Statutes § 112.08(2)(a) authorizes every local government to provide and pay out of its available funds for all or part of the premium for life, health, accident, hospitalization, or annuity insurance, or all or any kinds of such insurance, for the officers and employees of the local government, and for health, accident, and hospitalization insurance for the dependents of such officers and employees, upon a group insurance plan; and

WHEREAS, the City of Seminole has historically endeavored to, and will continue to endeavor to provide an employee healthcare insurance program which meets the needs of its workforce while also taking into account limited budgetary funds; and

WHEREAS, the cost to the City to provide healthcare insurance to its employees continues to rise, and is project to continue to rise into the foreseeable future; and

WHEREAS, the City is aware that certain members of its workforce may have alternative access to healthcare coverage, and may therefore not need or desire to participate in the City's healthcare insurance plan; and

WHEREAS, to the extent such employees do not participate in the City's plan, that non-participation allows the City to utilize its limited resources to attempt to continue to keep health insurance costs to its employees as low as possible; and

WHEREAS, in recognition of the benefit non-participation brings to the City, and of the fact that an employee's election not to participate in the City's healthcare insurance plan is voluntary, the City wishes to provide a monetary benefit to employees who opt-out of the City's plan because they are able to, and desire to, obtain their healthcare coverage by other means; and

WHEREAS, the City Council previously adopted Resolution 2000.16, which created a prior iteration of a healthcare plan buy-out program; and

WHEREAS, pursuant to prevailing federal income tax rules, employees receiving payments for opting out of the City's healthcare plan may be required to pay tax on that income; and

WHEREAS, certain IRS regulations require employees opting out to of an employer healthcare plan and thereby receiving an incentive to certify they have or will have the minimum coverage required by the federal Affordable Care Act; and

WHEREAS, the City's professional staff and legal counsel have reviewed the City's historical program related to opt-out payments, and have recommended the more detailed program set forth in this Resolution to ensure compliance with all applicable laws and regulations; and

WHEREAS, the City Council finds that giving its employees benefits options which work best for them contributes to employee recruitment, satisfaction and retention; and

WHEREAS, the City Council finds that it is in the best interests of the City and its employees to adopt the provisions in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Seminole, Florida, that:

Section 1. An employee healthcare plan opt-out payment policy is hereby created as follows:

- A. Each City employee who is eligible to participate in the City's healthcare plan may elect to participate or to opt-out of participation in the plan. An opt-out election may occur at any time, although employees must educate themselves on eligibility windows and criteria to resume coverage once opting out.
- B. Each City employee who elects to opt out of healthcare plan coverage must submit a signed Election to Opt-Out of Healthcare Coverage to the City's Human Resources Department. The election form shall, at a minimum:
 - note the date the employee wishes the opt out to begin,
 - state that the employee understands that the decision to opt out is wholly voluntary,
 - state that the employee understands that in each fiscal year, the City may, or may not, provide a payment to each employee electing to opt out, but acknowledging that such payment, or its amount, are not contractually guaranteed in future fiscal years, and that the payment, if stated in an annualized amount by the City Council, shall be paid in increments associated with the City's payroll periods,
 - state that the employee understands that by opting out, any opt out payment amount the City may, in that given fiscal year be providing, will be paid in the same manner and at the same time as the employee's wages are paid, and taxed at the same rate,
 - state that the employee may elect to re-join the City's healthcare plan at any time after opting out, but only under the terms of the then-existing plan and any associated laws or regulatory rules regarding healthcare plan enrollment,
 - contain a statement reading:

By signing this Election to Opt-Out of Healthcare Coverage, I certify that I and all other individuals for whom I reasonably expect to claim as a personal exemption deduction for the taxable period to which this opt out applies, have or will have the minimum essential healthcare coverage as is required by the federal Affordable Care Act (whether or not that coverage is obtained through the ACA Marketplace) during the period of coverage to which this opt-out arrangement applies.


- C. In each fiscal year, the City Council may, in conjunction with its annual budget adoption process, establish an opt-out payment to be paid to each employee who elects to opt-out of participation in the City's healthcare plan.
- D. Such payment will be stated in a per employee annualized sum, but will be payable in increments coordinating with the employee's payroll period. Such sums will not be payable for any payroll period in which the employee has not worked for the City.
- E. To ensure compliance with HIPAA, Medicare, and Tricare nondiscrimination rules, the opt-out payment amount shall be the same for all City employees.
- F. The failure, in any given fiscal year, of the City Council to authorize an opt-out payment, shall not negate an employee's ability under this policy to voluntarily opt-out of participation in the City's healthcare plan.

Section 2. Resolution 2000.16 is hereby repealed.


Section 3. If any section, subsection, sentence, clause, provision, or word of this Resolution is held unconstitutional or otherwise legally invalid, same shall be severable and the remainder of this Resolution shall not be affected by such invalidity, such that any remainder of the Resolution shall withstand any severed provision, as the City Council would have adopted the Resolution even absent the invalid part.

Section 4. This Resolution shall take effect immediately upon adoption.

ADOPTED this 25th day of September, 2023, by the City Council of the City of Seminole, Florida.


Leslie Waters, Mayor

ATTEST:


Ann Marie Mancuso, City Clerk

