



# Article 32: Insurances

Employees will be permitted to enroll in group insurance plans for which they are eligible during their first 31 days of employment. Eligibility for coverage under these plans will be the first day of the biweekly pay period after enrollment.

## Part A. Health Insurance

### Section 1. Options.

Members of the bargaining unit may elect certain health insurance coverages agreed upon during the course of contract negotiations. The available coverages are:

- a. State Health Plan PPO [Blue Cross Blue Shield of Michigan (BCBSM)];
- b. Health Maintenance Organizations (HMOs); and
- c. COPS Health Trust Plan(s).

### Section 2. Plan Information.

Summaries of each of the offered health plans are available at:

[www.michigan.gov/mdcs/0,4614,7-147-22854\\_68703-356898--,00.html](http://www.michigan.gov/mdcs/0,4614,7-147-22854_68703-356898--,00.html)

This web page is not an all-inclusive plan design, but a summary of plan changes affecting members. Accordingly, this information shall not be construed to modify or supersede the various plan booklets, which can be viewed at:

[www.michigan.gov/mdcs/0,4614,7-147-22854\\_38681---,00.html](http://www.michigan.gov/mdcs/0,4614,7-147-22854_38681---,00.html)

When selecting a plan, or to understand deductibles, co-pays, co-insurances, or services covered by each plan, members must carefully review the plan books and not rely solely on the summaries.

### Section 3. Premiums.

The State will pay an amount equal to 80% of the premium for the State Health Plan PPO for the same coverage code selected by the member, regardless of the plan selected. The member shall pay the balance of the premium charged by the selected plan. After the rates for the fiscal year are established, comparative premium rates for those plans offered to members are made available at:

[www.michigan.gov/mdcs/0,4614,7-147-22854\\_6649---,00.html](http://www.michigan.gov/mdcs/0,4614,7-147-22854_6649---,00.html).

### Section 4. Subrogation.

Subrogation. In the event that a participant receives services that are paid by the State Health Plan PPO (SHP), the SHP shall be subrogated to the participant's rights of recovery and shall



have a lien on any and all of participant's recovery, whether by suit, settlement, or otherwise, to the extent that the SHP has paid for medical services related to the matter that is subject to the participant's claim or action for personal injury. A participant shall take such action, including a good faith effort to pursue recovery of the payments made by SHP, to facilitate enforcement of the rights of the SHP, and shall not interfere with these subrogation rights as set forth herein.

The amount of the SHP lien enforced against a recovery shall not exceed the amount of the recovery allocated for medical services in a judgment or settlement, nor shall it exceed the actual amount expended by SHP on behalf of the participant for medical services. In every case, the SHP, proportionate to the amount recovered by SHP, shall bear the costs of recovery including attorney fees.

## Part B. Dental Insurance

### Section 1. Coverage

The State will continue to provide the dental insurance program, including the Dental Point of Service PPO, currently in effect for employees and employee/dependent coverage. Detailed information about the coverage available to members can be found at:

[www.michigan.gov/mdcs/0,4614,7-147-22854\\_22857\\_23300---,00.html](http://www.michigan.gov/mdcs/0,4614,7-147-22854_22857_23300---,00.html)

### Section 2. Premiums

The State will pay 95% of the premium for the employee and employee/dependent coverage. The member shall pay the balance.

## Part C. Vision Care Insurance

### Section 1. Coverage.

The State will continue to provide the vision insurance program currently in effect for employees and employee/dependent coverage. Detailed information about the plan covering members can be found by clicking the Vision Plan link at:

[www.michigan.gov/mdcs/0,4614,7-147-22854\\_38681---,00.html](http://www.michigan.gov/mdcs/0,4614,7-147-22854_38681---,00.html)

### Section 2. Premiums.

The State will pay 100% of the premium for the employee and employee/dependent coverage.

## Part D. Life Insurance

The State will continue to provide a life insurance plan with the following coverage:

### Section 1. Active Employee.

Coverage shall be 2.0 times basic annual salary (base hourly rate of pay, excluding all fringes, supplements and premiums, times 2088 hours) rounded upward to the nearest thousand dollars.



## Section 2. Dependent Coverage.

The employee may choose between five levels of dependent coverage:

- a. Level One – Spouse for \$1,500; child(ren) for \$1,000;
- b. Level Two – Spouse for \$5,000; child(ren) for \$2,500;
- c. Level Three – Spouse for \$10,000; child(ren) for \$5,000;
- d. Level Four – The level of coverage on the employee's spouse shall be \$25,000, and the level of coverage for enrolled dependent child(ren) shall be \$10,000.
- e. Level Five – The level of coverage for enrolled dependent child(ren) shall be \$10,000.

Dependent coverage for children shall be limited to infants 15 days or older. The optional life insurance plan shall have an age ceiling of 23 years for dependent coverage, except that there shall be no age ceiling for handicapped dependents. A dependent will be considered handicapped if he/she is unable to earn a living because of mental retardation or physical handicap and depends chiefly on the employee for support and maintenance.

The Employer shall continue to provide and pay the entire premium for the duty-connected accidental death insurance plan, which is presently in effect. The benefit level shall be \$100,000.

## Section 3. Retiree Coverage.

An employee who retires during the term of this Agreement shall have coverage equal to 25% of the insurance in force at retirement. Dependent coverage will be in accordance with the State Police Retirement act (1986 PA 182, as amended).

## Section 4. Premiums.

1. **Active Employee** – The State shall pay 100% of the premium for active employee coverage.
2. **Dependent Coverage** – The employee shall pay 100% of the premium for dependent coverage.
3. **Retiree Coverage** – The State shall pay 100% of the premium for an employee who retires during the term of this Agreement, as well as the premium for his/her spouse, if enrolled.

## Part E. Flexible Benefits Plan

### Section 1. Description.

Employees shall be eligible to participate in a Flexible Benefits Plan. The Flexible Benefits Plan will maintain the group insurance programs and options described in Parts A, B and C above, with three additional choices:



- a. A catastrophic health plan coverage option, rather than the standard health care plan or HMO coverage;
- b. A preventive dental coverage, rather than the standard State Dental Plan; and
- c. A life insurance coverage option equal to basic annual salary or \$50,000 (rather than 2.0 times basic annual salary).

## Section 2. Benefit Selections.

Employees will make individual benefit selections under the Flexible Benefits Plan using a selection form patterned after the enrollment forms used in the state's current Flexible Benefits Plan, to include:

- a. Any current individualized enrollment information on file for each employee; and
- b. The benefit selections available, including costs or prices, and incentives.

Benefit selections made by employees may be changed each year during the annual enrollment process, or when there is a change in family status as defined by the Internal Revenue Service.

Incentives are the same regardless of an employee's category of coverage. (e.g., an employee enrolled in employee- only coverage and an employee enrolled in full-family coverage will each receive the \$50 refund biweekly incentive, if each elected the catastrophic health care coverage).

The amount of the incentive to be paid to employees selecting the lower level of life insurance coverage is based on an individual's annual salary and the rate per \$1000 of coverage, and may therefore differ from employee to employee.

Financial incentives paid under the Flexible Benefits Plan to employees electing catastrophic health, no health care, and/or reduced life plan will be paid biweekly. Those choosing the preventive dental plan or no dental plan will receive a lump sum payment.

The amount of incentives, if any, to be paid under the Flexible Benefits Plan will be determined in conjunction with the annual rate setting process administered by the Civil Service Commission.

## Part F. Long Term Disability

### Section 1. Benefit.

The State shall continue to provide the same LTD insurance program for unit employees as was provided for unit employees on the effective date of this Agreement, except that effective October 1, 2006, the eligibility period for Plan II claimants who remain totally disabled shall be



reduced from age 70 to age 65, or for a period of 12-months, whichever is greater. Additionally, the benefit period for "mental/nervous" claims shall be limited to 24 months from the beginning of the time a claimant is eligible to receive benefits. This limitation does not apply to mental health claims where the claimant is under in-patient care. These changes shall only apply to new claims made after September 30, 2006. This plan provides a minimum 30-day waiting period without loss or use of sick leave after the employee completes the minimum waiting period and submits a claim for such insurance.

### Section 2. Premiums.

The State shall pay 100% of the premium for such LTD insurance coverage for the term of this Agreement.

### Section 3. Option to Use.

Employees covered by the LTD insurance shall have the exclusive option of (1) exhausting sick leave and annual leave, pursuant to Article 28, Leaves of Absence, before they are granted a medical leave of absence, or (2) they may elect to take a medical leave of absence after completion of the required 30-day minimum waiting period and freeze any accumulated, unused sick and/or annual leave.

### Section 4. Rider.

The Employer shall provide a rider to the existing LTD Insurance Program. All employees who are enrolled in the LTD Insurance Program shall be automatically covered by this rider. The rider shall provide insurance which will pay directly to the carrier the full amount (100%) of health insurance (or HMO) premiums while such employee is on LTD insurance (or HMO) for a maximum of six months for each covered employee. The Employer shall pay 100% of the cost of the premium for such rider.

## Part G. Deferred Compensation Plan

All employees within the unit may exercise their rights to participate in the State of Michigan's Deferred Compensation Plans, as last adopted by the Civil Service Commission and may, during the life of this Agreement, exercise the rights and benefits under any renewed or modified Deferred Compensation Plans adopted by the Civil Service Commission. This does not include any Employer match program which may be adopted by the Civil Service Commission for any classified employees. Participation of employees within the unit in such a program is subject to negotiation between the parties.

## Part H. Maintenance of Insurance Benefits

There are certain life and disability insurance programs to which the Department does not contribute or pay any premiums nor have any control over. The Employer agrees to continue permitting unit employees the convenience of voluntary payroll deductions for non-state sponsored programs (such as credit unions, charitable organizations and individual enrolled



insurance programs), but only in accordance with standards by the Department of Technology, Management and Budget pursuant to, Section 283 of PA 421 of 1984. The State makes no guarantee, and assumes no liability, for the administration, benefit level or premium charges for enrollment in such programs. In addition, the State reserves the prerogative to institute or substitute alternative programs to any and all such programs, where such alternative(s) provides substantially similar (greater) benefits including, but not limited to, the option of establishing a rider on current State-sponsored insurance programs.

## Part I. Open Enrollment

There will be an annual open enrollment period for the State Health Plan PPO, Dental Plan and Vision Care Plan for employees in this bargaining unit who are eligible according to the terms of the plans.

## Part J. Continuation of Group Insurances

### Section 1. Layoff.

- a. Subject to limitations below, employees laid off from active state employment may elect to pre-pay the employee's share of premiums for dental, vision care and life insurance (and effective 10/1/2010 Health Insurance) for the two additional pay periods after layoff by having such premiums deducted from their last paycheck. The Employer shall pay the Employer's share of premiums for health, dental, vision care and life insurance for two pay periods for all employees who elect this option. Coverage for health, dental, vision care and life insurance shall continue for these two pay periods.
- b. Employees who are laid off may, at the time of layoff, elect to continue enrollment in the Health Plan (or HMO) and life insurance plan by paying the full amount (100%) of the premium. Such enrollment may continue until the employee is recalled or for a period of three years, whichever occurs first. Such employee may also elect to continue enrollment in the dental and/or vision plan by paying the full amount (100%) of the premium. Such enrollment may continue until the employee is recalled or for a period of 18 months, whichever occurs first. In accordance with paragraph (1) of this subsection, the Employer shall pay the Employer's share of such premiums for two pay periods for employees selecting these options.

### Section 2. Leave of Absence.

Employees who are granted a leave of absence may elect to continue enrollment in the Health Plan (or HMO) at the time leave begins. Such employees shall be eligible for continued enrollment during the leave of absence by paying the full amount (100%) of the premium. Such employees may also elect, at the time the leave begins, to continue enrollment in the life insurance plan for up to 12 months by paying the full amount (100%) of the premium. Such



employees may likewise elect to continue enrollment in the dental plan and/or vision plan for up to 18 months by paying the full amount (100% of the premium).

### Section 3. COBRA Benefits.

The State recognizes its obligations under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), in case of a qualifying event as defined by that statute.

## Part K. Flexible Compensation Plan

The Employer shall maintain the current flexible compensation plan for employees in this bargaining unit. In addition, bargaining unit members shall be offered the option to participate in the State of Michigan dependent care and/or medical spending accounts authorized and established by the State in accordance with current Section 125 of the U.S. Internal Revenue Service Code. This plan is subject to the restrictions established in Appendix I concerning the Excise Tax established by the Affordable Health Care Act.

## Part L. Optional Coverage Program

The parties agree the Employer may extend the optional coverages program (OCP) to employees in the bargaining unit. Employees who choose to voluntarily participate in the OCP may elect to enroll in one or more of the plans offered upon the terms and conditions set forth by the provider of the specific optional coverage plan(s). Employees who choose to not participate in the OCP will not have any optional coverages.

Premiums required for any OCP plan in which the employee enrolls are the sole responsibility of the employee. Payment may be made through payroll deduction or direct bill as permitted by the specific plan.

In the event any optional coverage plan is canceled or withdrawn, employees enrolled in the plan will be sent written notice at least 30 calendar days in advance of the coverage end date.

## Part M. Complaints about Benefits

Any employee complaint regarding group insurance benefits shall be filed with the Civil Service Commission in accordance with Civil Service Commission regulation 5.18, effective August 31, 2014.

