

**City of Chicago
Department of Finance
Benefits Management Division**

**NOTICE TO EMPLOYEES
LEAVING CITY EMPLOYMENT**

**FOR
MEMBERS OF
AFSCME OR THE COALITION
OF LABORERS AND TRADES and Unit 2 –
Non-Sworn Public Safety**

This information is intended to give you an overview of the effects leaving City service will have on your Benefits. The information is general in nature. In individual cases it may be necessary to discuss these benefits with your Department's personnel representative.

Revised 6/2009

VACATION

You will be paid for all vacation time due, including pro-rated time for this year, in accordance with the provision of the appropriate collective bargaining agreement or Salary Resolution for the employees not covered by a collective bargaining agreement.

COMPENSATORY TIME

If you are eligible and have compensatory time accrued, you will be paid for it.

IMPORTANT INFORMATION ABOUT CONTINUING BENEFITS

I. HEALTH INSURANCE

Your City paid health insurance will terminate on your last date of work following a lay-off, resignation, termination or retirement. However, you have these options for continuing health insurance:

- A. The City of Chicago Continuation of Coverage Program under the Public Health Service Act (42USCS-The Public Health and Welfare 88 300bb-1-8; P.H.S.A.), formerly known as COBRA
- B. Conversion to an individual policy with your current healthcare provider
- C. Select other coverage on your own.

A. CONTINUATION OF COVERAGE - (P.H.S.A.)

1. Eligibility

In accordance with the Public Health Service Act (P.H.S.A.), and because a lay-off is a qualifying event, when coverage under the Medical Plan ends, you or your covered dependents may be eligible to continue your medical benefits at your own expense for 18 months. The benefits provided are the same as those offered to eligible employees who are covered under the Medical Plan.

2. AFSCME and Coalition of Laborers and Tradesmen

If you are laid off, and you are an employee represented by AFSCME or a Labor and Trades bargaining unit and you make the required employee contributions, the City will pay its share of the cost for coverage during the month you are laid off and for four additional months following your layoff.

Employees who wish to maintain coverage in this manner must complete and return the PHSA Continuation of Coverage Application to Health Care Service Corporation (HCSC) within 60 days of the date on the PHSA Letter of Notification. This letter of notification and application will be sent to you under separate cover.

A premium subsidy application will also be included for assistance under ARRA. See attached information sheet.

At the end of the four-month period, you will have the option to continue your coverage for an additional 14 months, provided you pay the full cost of your continued coverage. You will receive notification from Health Care Service Corporation (HCSC), the City of Chicago's PHSA plan administrator with enrollment guidelines.

If your premium payment is not received by the required timeframe indicated on the billing coupons, your coverage will be terminated. If the plan or cost for active employees changes, these benefits or costs will also change.

3. Enrollment

In cases of lay-off, Health Care Service Corporation (HCSC) will forward a Continuation of Coverage Application to your address on City record. If you do not receive your P.H.S.A. Continuation of Coverage Application within 45 days, **please contact HCSC at 1-888-541-7107.**

If the Social Security Administration determines that you were disabled at the time of your separation of service or reduction in hours, and you inform the P.H.S.A. Administrator before the end of the 18 months P.H.S.A. period, your coverage may be extended up to an additional 11 months (not to exceed a total of 29 months).

4. Election Period

You will have 60 days to decide whether or not to elect continuation of coverage through the P.H.S.A. program. The election period will end on the latter of:

- a. 60 days following the date your coverage would otherwise terminate due to a qualifying event.
- b. 60 days following the date the City notifies you of your continuation rights because of a qualifying event.

If you do not elect to enroll into the Continuation of Coverage program, your coverage will end according to the terms of the Plan, on your last date of work.

5. Cost

You pay the full cost of your continued coverage, plus 2% to cover administration costs. Premium payments will be required once you enroll into the P.H.S.A. Continuation of Coverage program retroactive to the day after your termination or other qualifying event. **See the PHSA Rate Sheet on page 7 for cost information.**

B. CONVERSION

When you leave employment with the City, you have an opportunity to convert your current health insurance to a direct policy with your current medical insurance provider. These policies are not affiliated with the City of Chicago. This is not P.H.S.A. coverage. You must contact the provider yourself within 30 days of the effective date of your lay-off, resignation, termination, or retirement. Evidence of Insurability (proof of good health) will be required if you fail to contact the provider within 30 days of the effective date of your separation of service.

If you elect to continue coverage through P.H.S.A., you can convert your medical coverage to an individual policy at the end of the 18 months period. In order to convert your coverage you should contact your medical insurance provider directly within 30 days prior to the end of your P.H.S.A. period.

For more information contact the City of Chicago, Department of Finance, Benefits Division, at (312) 747-8660 (press 3).

II. LIFE INSURANCE

A. Basic and Optional

Basic life insurance terminates on the last day worked. Optional life insurance terminates on the last day of the pay period during which a premium was paid. You may convert all or part of your coverage, basic and optional, to an individual life policy by submitting a written application to the insurance company within 31 days following your last day worked. For more information contact Prudential's customer service team at (800) 778-3827, Monday through Friday, 8:00 a.m. to 5:00 p.m.

B. Universal Life

1. Transferring Ownership

As the employee, you are the owner of all Universal Life policies. However, you may transfer ownership at any time. The individual to whom you transfer ownership will be responsible for premium payments.

2. Term Riders (Conversion Privilege)

You can convert your spouse or children's term rider to an individual term life policy without having to provide evidence of insurability (proof of good health), if you do so before expiration of the policy. Your conversion policy may be in an amount up to five times the value of the policy at the time of conversion.

For more information on how to transfer ownership of your spouse or dependent policy or how to continue your Universal Life coverage contact MetLife at 1-800-331-9975.

C. Universal Life Plus (offered through the Deferred Compensation Plan)

For more information about continuing Universal Life Plus insurance, contact Nationwide Retirement Solutions (formerly known as PEBSCO) at (312) 443-1975.

III **LONG TERM DISABILITY INSURANCE**

Long Term Disability (LTD) insurance ends on your last day worked or the earliest of:

- A. The last day of the last period for which you paid premiums.
- B. The date your employment terminates.
- C. The date you cease to meet eligibility requirements.
- D. The date the group policy terminates.

For general information on the LTD program contact the Department of Finance, Benefits Division at (312) 747-8660 (press 3).

IV **PENSION CONTRIBUTIONS**

Contact your pension fund regarding your pension contributions.

Municipal Employees' Annuity and Benefit Fund (312) 236-4700
Laborers' And Retirement Board Employees' Fund (312) 236-2065

V **DEFERRED COMPENSATION**

If you are enrolled in the City of Chicago Deferred Compensation Plan and you have experienced a lay-off, resignation, termination or retirement, contact Nationwide Retirement Solutions (formerly known as PEBSCO) at (312) 443-1975 to discuss the available options.

VI **UNEMPLOYMENT COMPENSATION**

Contact your department timekeeper if you did not receive a State of Illinois Department of Labor Unemployment Compensation booklet. When applying for unemployment compensation, you will need to bring the following:

- A. Your social security card
- B. Your official Notice of Separation
- C. The unemployment compensation booklet mentioned above.



Summary of the COBRA/PHSA Premium Reduction Provisions under ARRA



President Obama signed the American Recovery and Reinvestment Act (ARRA) on February 17, 2009. The law gives “Assistance Eligible Individuals” the right to pay reduced COBRA premiums for periods of coverage beginning on or after February 17, 2009 and can last up to 9 months.

To be considered an “Assistance Eligible Individual” and get reduced premiums you:

- MUST be eligible for continuation coverage at any time during the period from September 1, 2008 through December 31, 2009 and elect the coverage;
- MUST have a continuation coverage election opportunity related to an involuntary termination of employment that occurred at some time from September 1, 2008 through December 31, 2009;
- MUST NOT be eligible for Medicare; AND
- MUST NOT be eligible for coverage under any other group health plan, such as a plan sponsored by a successor employer or a spouse’s employer.*

◆ IMPORTANT ◆

- ◇ If, after you elect COBRA/PHSA and while you are paying the reduced premium, you become eligible for other group health plan coverage or Medicare you MUST notify the plan in writing. If you do not, you may be subject to a tax penalty.
- ◇ Electing the premium reduction disqualifies you for the Health Coverage Tax Credit. If you are eligible for the Health Coverage Tax Credit, which could be more valuable than the premium reduction, you will have received a notification from the IRS.
- ◇ The amount of the premium reduction is recaptured for certain high income individuals. If the amount you earn for the year is more than \$125,000 (or \$250,000 for married couples filing a joint federal income tax return) all or part of the premium reduction may be recaptured by an increase in your income tax liability for the year. If you think that your income may exceed the amounts above, you may wish to consider waiving your right to the premium reduction. For more information, consult your tax preparer or visit the IRS webpage on ARRA at www.irs.gov.

For general information regarding your plan’s COBRA/PHSA coverage you can contact **HCSC @ 1-888-541-7107**.

For specific information related to your plan’s administration of the ARRA Premium Reduction or to notify the plan of your ineligibility to continue paying reduced premiums, contact **HCSC @ 1-888-541-7107**.

If you are denied treatment as an “Assistance Eligible Individual” you may have the right to have the denial reviewed. For more information regarding reviews or for general information about the ARRA Premium Reduction go to:

www.dol.gov/COBRA or call 1-866-444-EBSA (3272)

* Generally, this does not include coverage for only dental, vision, counseling, or referral services; coverage under a health flexible spending arrangement; or treatment that is furnished in an on-site medical facility maintained by the employer. June 2009

CITY OF CHICAGO PHSA RATE SHEET

(For All Eligible Members)

PHSA MONTHLY RATES FOR 2009

PHSA (Formerly known as COBRA) RATES
EFFECTIVE JANUARY 1, 2009

TYPE OF PLAN	LEVEL OF COVERAGE		
	SINGLE EE	EE PLUS ONE	EE PLUS TWO OR MORE
PPO			
BLUE CROSS BLUE SHIELD PPO	\$474.54	\$846.90	\$1,187.36
BLUE CROSS BLUE SHIELD SEASONAL PPO	\$156.60	\$304.88	\$498.69
HMO			
BLUE ADVANTAGE HMO	\$319.70	\$608.80	\$927.05
UNICARE HMO PERFORMANCE	\$421.25	\$878.56	\$1,231.97
COMPBENEFITS DENTAL HMO	\$10.89	\$25.17	\$25.17
COMPBENEFITS DENTAL PPO	\$17.85	\$33.35	\$57.02
VISION	\$3.37	\$6.73	\$10.10