

Summary of 2020 Changes to the MWRD Retiree Health Care Plan Document and Trust Agreement

PLAN DOCUMENT CHANGES:

Article I – Definitions

Clarified the definitions of “Eligible Retiree” and “Employer” as used in the Plan Document.

Article II – Eligibility

Clarified and simplified all eligibility requirements and ensured that all such requirements are set forth in this section and conform with current practices. The revised document contains a complete description of who is eligible for benefits and reflects all eligibility provisions set forth in the plan administration manual.

Added language that explicitly provides for an election period both initially on an individual’s becoming eligible and annually thereafter, and sets forth the circumstances under which an election may be changed, again conforming to current administrative practice as reflected in the administration manual.

Added a provision excluding participation by someone who is rehired by the District after becoming eligible to participate in the Plan to ensure that no active employees are also Plan participants.

Article III – Amount of Benefits

Revised section to fully incorporate the benefit provisions of any underlying third-party contract or insurance policy, and to provide that participant contributions are applied to the cost of coverage first.

Article IV – Payment of Benefits

Revised section to more generally provide that the Administrator may establish procedures satisfactory to it to accommodate changes in practice without the need for a plan amendment.

Article VI – Claims Procedure

Revised section to incorporate the applicable policy or contract procedures by reference to those of insurers or third-party administrators to avoid inconsistencies.

Article VIII – General Provisions

Updated the anti-assignment provision and added new provisions relating to venue and statute of limitations. Inclusion of these provisions is a best practice that has developed in the past several years in response to benefit plan litigation.

Article IX – Protected Health Information

Added this new section related to compliance with the Health Insurance Portability and Accountability Act (“HIPAA”), which applies to the extent HIPAA is applicable. Self-insured employer-sponsored health plans are covered entities under HIPAA, and insured plans may be covered entities in certain circumstances.

TRUST AGREEMENT CHANGES:

Table of Contents

Added table of contents.

Article I – Trustee and Trust Fund

Revised section to reflect that the Trust exists to fund the post-employment health benefits provided under the plan and that the Trustee will receive transfers of cash or property from the District; and to explicitly provide that those transfers shall be irrevocable and that the funds must be used exclusively for providing post-employment benefits to retirees and their dependents. The irrevocability is important to ensure that the assets held in Trust can be recognized as offsetting Plan liabilities according to Government Accounting Standards Board (GASB) guidance.

Article II – General Duties of Trustee

Revised section to provide that the Trustee holds title to assets, and generally that the Trustee has only the powers and duties expressly set out in the Trust document.

Article III – Investment Powers and Duties of the Trustee

Revised section to provide that the Trustee shall establish an Investment Policy; that the Treasurer is responsible for the management and direction of the investment of the Trust Fund; that the Trustee’s powers to buy and sell investments are to be exercised at the direction of the Treasurer; and that the Trustee’s powers to hire investment advisors or managers and legal counsel are to be exercised at the recommendation of the Treasurer with approval of the Board of Commissioners.

Article IV – Disbursements and Expenses

Revised section to provide that payments are to be made by the Trustee as directed by the Plan Administrator in order to clarify that payments are made by the District in its capacity as Trustee and that the Trustee has no responsibility to determine that the Plan provisions permit the payment.

Article V – Accounting and Auditing

Consolidated the accounting and reporting provisions to reflect current practice.

Article VII – Amendment and Termination

Revised section to explicitly provide that the District may not amend the Trust Agreement to provide for any use of the Trust assets other than funding the benefits provided for under the Plan.

Article IX – Miscellaneous Provisions

Removed provisions that are more applicable to a Plan document.