



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF JANUARY 20, 2022

COMMITTEE ON PENSION, HUMAN RESOURCES AND CIVIL SERVICE

Mr. Brian A. Perkovich, Executive Director

Authority to amend health insurance benefits for non-represented employees to include a health reimbursement arrangement effective January 1, 2022

Dear Sir:

The Board of Commissioners recently approved collective bargaining agreements between the District and its union partners. These collective bargaining agreements included the addition of a health reimbursement arrangement (HRA) to the health insurance benefits offered to represented employees. The HRA will include the following plan design:

Effective January 1, 2022, the District shall establish an HRA account for regular full-time represented employees eligible for coverage under the District health plan. These will be notional accounts established on behalf of the employee. Employees are not vested in the HRA account balance.

The District will make contributions to HRA accounts based on the number of hours actually worked, including overtime. For purposes of the HRA account, hours worked will not include vacation, sick, or other compensatory time or time on a leave of absence, whether paid or unpaid. Contributions will be calculated in accordance with the following schedule: \$0.15 per hour effective January 1, 2022; \$0.25 per hour effective July 1, 2022; and \$0.50 per hour effective July 1, 2023.

The following provisions will apply to the HRA accounts:

- Account balances may be carried over from year to year, unless forfeited for any of the reasons described in the plan provisions.
- Contributions for eligible hours worked will be credited to employee accounts on a quarterly basis on the 15th of the month following the end of the quarter (ex. hours worked from January through March will be credited on April 15th).
- Covered expenses are "qualified medical expenses" under Section 213(d) of the Internal Revenue Code. No other expenses will be eligible for reimbursement from the HRA account.
- No reimbursement will be made for an expense that is incurred before January 1, 2022.
- HRA account balances will be forfeited in the following situations:
 - o A newly hired employee does not successfully complete the probationary period and is terminated by the District.
 - o The account balance is less than \$50.00 and no contributions into or reimbursements out of the account have occurred for a period of two years.
 - o The employee dies and the surviving spouse or dependent(s) are no longer eligible for coverage under the health plan.

The District will select a third-party administrator to administer the HRA accounts. A plan document will be

established by the District and the third-party administrator to outline administrative procedures for the plan. Reimbursements for eligible expenses from the HRA accounts will be administered by the third-party administrator.

In an effort to maintain consistency in the benefits offered to employees, it is recommended that the HRA be implemented for non-represented employees as well with the same plan design outlined above.

Authorization is requested to add the HRA to the health benefits for non-represented employees as outlined above effective January 1, 2022.

Recommended, Beverly K. Sanders, Director of Human Resources
Disposition of this agenda item will be documented in the official Regular Board Meeting Minutes of the Board of Commissioners for January 20, 2022