



Retiree Health Benefits

Eligibility Handbook

Tier 1 and Tier 2 Retirees

Eugene Water & Electric Board
Human Resources Department

A NOTE TO ALL EWEB TIER I AND TIER 2 RETIREES:

This booklet describes eligibility for health insurance coverage and EWEB premium subsidies effective January 1, 2009, or the date after that on which your retiree health benefits become effective.

It is every retiree's and/or retiree Dependent's responsibility to read and understand the eligibility rules as described, as well as the limitations and exclusions.

Plan contracts and other legal documents still govern the provisions and administration of each plan in the program.

Neither this booklet nor any other benefit documents constitute an employment agreement.

EWEB reserves the right to alter the benefits described in this handbook, including the level of coverage, eligibility and/or contributions at any time, subject to the October 2008 Settlement Agreement between EWEB and its retirees (herein, the "Settlement Agreement"). EWEB further reserves the right to terminate the retiree health plan at any time, subject to applicable law. In the event of a conflict between a provision of this handbook and the Settlement Agreement, the Settlement Agreement shall control.

DEFINITIONS

Active Employee: Anyone classified for all purposes by EWEB as an employee, actively engaged in performing services for EWEB, regularly scheduled to work 20 or more hours per week, not classified as a temporary, seasonal, substitute, or independent contractor regardless of whether that status is later retroactively re-determined.

COBRA: Legally-mandated group plan coverage continuation for a specified period of time. In this manual, COBRA refers collectively to federal COBRA coverage and to state-mandated continuation coverage. COBRA participants may have different enrollment rights than EWEB Group Retiree Health Plan members.

Dependent(s): Eligible Spouse, Domestic Partner, and/or children of an enrolled retiree or Surviving Spouse or Domestic Partner.

Domestic Partner: An individual who lives together with the retiree in a spousal equivalent relationship and meets the other requirements of domestic partnership as defined in the Domestic Partner Affidavit. Domestic Partners are eligible for the same coverage and premium subsidies as legal spouses if an Affidavit of Domestic Partnership is completed in accordance with EWEB policy.

EWEB Group Retiree Dental/Vision Plans: The plans that provide to eligible retirees and their eligible Dependents the same EWEB dental and vision coverage as provided to Active Employees.

EWEB Group Retiree Health Plan: The plan that provides to eligible retirees and their eligible Dependents the same EWEB medical and Rx coverage as provided to Active Employees.

EWEB Plan(s): The EWEB Group Retiree Health Plan and EWEB Group Dental/Vision Plans.

EWEB Rx Supplement Plan: A supplemental prescription coverage plan, secondary to prescription coverage provided by a PERS Health Plan to Tier 1 and Tier 2 Medicare eligible retirees and their covered Dependents.

Incapacitated Dependent Child: A Non-Medicare Eligible dependent child that is between the ages of 19-23 and is approved for coverage by the EWEB Group insurance carriers as an incapacitated child.

Medicare Eligible: A Retiree, Dependent or Surviving Spouse who is entitled to Medicare, either by age or qualified disability, according to the rules established by the Federal Social Security Administration.

Member(s): All individuals who are enrolled in an insurance plan.

Non-Medicare Eligible: A Retiree, Dependent or Surviving Spouse who is not Medicare Eligible as defined herein.

Parity: A scheme or system of benefits substantially equivalent to that which is provided by EWEB to Active Employees at the time, if any. Parity does not mean identical in every particular.

PERS Health Plan: Any supplemental Medicare health plan offered by PERS for which an EWEB Retiree, Surviving Spouse or Dependent qualifies. Medical and prescription coverage are bundled together (some plans also include vision coverage). Dental coverage is elected separately and has a separate premium.

Premium: The dollar amounts that EWEB, Retirees, Dependents and and/or Surviving Spouses are responsible for paying to continue insurance coverage.

Retiree: An employee of EWEB who has retired from service or is no longer actively employed due to disability, and who is eligible to receive retirement benefits under the Public Employees Retirement System (PERS) or any other retirement system or plan to which contributions were paid by EWEB on the employee's behalf. (See PERS Member Handbook for retirement eligibility criteria.) Active Employees who were eligible to retire at the time of death are considered Retirees for the purposes of EWEB health insurance benefits.

Spouse: A legally married wife or husband of an EWEB Retiree including a Domestic Partner as defined herein.

Stipend Recipient: Individual Retirees and Surviving Spouses identified by EWEB in 2002, whom were not eligible for the PERS Health Insurance Program according to PERS eligibility rules. These individuals receive a monthly cash stipend from EWEB equivalent to the subsidy provided to other similarly situated Retirees and/or Surviving Spouses.

Surviving Spouse: The Spouse or Domestic Partner of a deceased EWEB Retiree.

EWEB RETIREE TIERS

EWEB Retirees belong to one of the following four Tiers:

Tier 1 Retirees are those who:

- Were hired prior to January 1, 1990, AND
- Retired prior to January 1, 1990, AND
- Were over age 65 or Medicare eligible prior to January 1, 1990.

Tier 2 Retirees are those who:

- Were hired prior to January 1, 1990, AND EITHER
- Retired from EWEB before January 1, 1990, and were not Medicare Eligible as of January 1, 1990 OR
- Retired from EWEB between January 1, 1990, and December 31, 1993.

Tier 3(A) Retirees are those who:

- Were hired before January 1, 1990, AND
- Retired on or after January 1, 1994.

Tier 3(B) Retirees are those who:

- Were hired between January 1, 1990, and December 31, 1993, AND
- Retired from EWEB prior to December 31, 2013.

Tier 3(C) Retirees are those who:

- Were hired between January 1, 1990 and December 31, 2002, AND
- Do not meet the criteria for Tier 3(B) members, above.

Tier 4 Retirees are those who:

- Were hired as employees on or after January 1, 2003.

EWEB Retiree Tiers for the purposes of health insurance benefits are separate and unrelated to PERS tiers for the purposes of pension benefits.

SUMMARY OF TIER 1 AND TIER 2 COVERAGE AND PREMIUMS

This table is designed to be a quick reference. M.E. = “Medicare Eligible,” either based on age or disability as noted.

	Non-Medicare Eligible			Medicare Eligible	
	Coverage	Plan	Premium	Plan	Premium
Retirees	Medical	EWEB Group, until M.E. based on age	\$0	PERS & Rx Supp.	\$0
	Dental	EWEB Group	\$0	EWEB Group	\$0
	Vision	EWEB Group	\$0	EWEB Group	\$0
Spouses / Domestic Partners	Medical	EWEB Group, until the latter of: <ul style="list-style-type: none"> The retiree becomes M.E. based on age OR The spouse / domestic partner becomes M.E. based on age or qualified disability, whichever comes sooner 	Tier 1 = \$7.80 / mo. Tier 2 = \$29.00 / mo.	PERS & Rx Supp.	Tier 1 = \$3.00 / mo. Tier 2 = \$29.00 / mo.
	Dental	EWEB Group		EWEB Group	
	Vision	EWEB Group		EWEB Group	
Surviving Spouses / Domestic Partners	Medical	EWEB Group, until M.E. based on age	Tier 1 = \$7.80 / mo. Tier 2 = \$29.00 / mo.	PERS & Rx Supp.	Tier 1 = \$3.00 / mo. Tier 2 = \$29.00 / mo.
	Dental	EWEB Group		EWEB Group	
Dependent Children of Retirees & Surviving Dependent Children of Retirees	EWEB Group Medical, Dental and Vision	EWEB Group, until the sooner of: <ul style="list-style-type: none"> age 19, or age 23 if full-time students, the child marries, the child enters military service, or the child becomes for Medicare Eligible due to disability* 	Tier 1 = \$7.80 / mo. Tier 2 = \$29.00 / mo.	PERS & Rx Supp. Dental: EWEB Group Vision: EWEB Group	Tier 1 = \$3.00 / mo. Tier 2 = \$29.00 / mo.
Divorced Spouses / Domestic Partners of Retirees	EWEB Group Medical, Dental and Vision	Pre-55: EWEB Group/COBRA 36 mos. Post-55: EWEB Group, until M.E. based on the sooner of disability or age eligibility	102% of active Premium	N/A	N/A

*If a dependent child of a Retiree and/or Surviving Spouse/Domestic Partner becomes Medicare Eligible due to disability, the child may remain on the Group Plans until the Retiree and/or the Surviving Spouse/Domestic Partner becomes Medicare Eligible based on age.

I. EWEB GROUP RETIREE HEALTH PLAN

This section applies to Non-Medicare Eligible Tier 1 and Tier 2 Retirees, Spouses, Domestic Partners, Dependent Children and surviving Spouses and Children.

Retirees and/or Dependents who are Medicare Eligible should refer to section II.

Eligibility Provisions

Retirees

Subject to the terms of the plan, Retirees are eligible to continue coverage under the EWEB Plans without interruption, until Medicare Eligible based on age, as long as an application for coverage is submitted to the EWEB benefits office within 60 days of retirement.

Dependents of Retirees

The following individuals are eligible for coverage under the EWEB Plans:

1. Retiree's Spouse is eligible until the latter of the Retiree becoming Medicare Eligible based on age OR the Spouse/Domestic Partner becoming Medicare Eligible based on age or qualified disability, whichever comes sooner.
2. Dependent children of the Retiree, of the Retiree's Spouse, or of the Retiree's Domestic Partner, are eligible until the sooner of: (1) age 19, or age 23 if full-time students, (2) the child marries, (3) the child enters military service, or (4) the child becomes eligible for Medicare based on disability. If the dependent child of a Retiree and/or Spouse/Domestic Partner becomes Medicare Eligible due to disability, the child may remain on the Group Plans until the Retiree and/or Spouse/Domestic Partner becomes Medicare Eligible based on age.
3. Surviving Spouses/Domestic Partners and dependent children of Active Employees who were eligible to retire when they died are granted the same health benefits as other surviving Dependents of Retirees.
4. Surviving Spouses/Domestic Partners may continue coverage under the EWEB Plans until Medicare Eligible based on age. EWEB Plan coverage may also terminate if the Surviving Spouse/Domestic Partner becomes covered under another group health plan (e.g. through new employment,

marriage or new Domestic Partnership). If the Surviving Spouse re-marries, the new Spouse is not eligible for EWEB group coverage. If the Surviving Domestic Partner establishes a new domestic partnership, the new domestic partner is not eligible for EWEB group coverage.

5. Surviving children are eligible for coverage under the EWEB Plans until the sooner of: (1) age 19, or age 23 if full-time students, (2) the child marries, (3) the child enters military service, or (4) the child becomes eligible for Medicare due to disability. If the dependent child of a Surviving Spouse/Domestic Partner becomes Medicare Eligible due to disability, the child may remain on the Group Plans until the Surviving Spouse/Domestic Partner becomes Medicare Eligible based on age.
 - a. When group plan eligibility ends, surviving children will be offered Federal COBRA continuation for up to 36 months. If the child becomes covered under another group plan during the COBRA continuation period, EWEB Plans coverage terminates.
6. Incapacitated dependent children of Retirees and/or Surviving Spouses/Domestic Partners, who have been approved for EWEB Group Plan coverage by the insurance carrier, remain eligible for the EWEB Group plans until the maximum age of 23 unless the Retiree and/or Surviving Spouse/Domestic Partner has not yet become Medicare eligible based on age. Once the retiree and/or surviving spouse/domestic partner have become Medicare eligible based on age and the incapacitated dependent child has reached age 23, eligibility under the EWEB Group plan ceases.

Disability Retirements

If an EWEB employee qualifies for a PERS Disability retirement and subsequently ends his/her employment relationship with EWEB due to this qualification, the employee and his/her Dependents may remain on the EWEB Plans until their eligibility ends. EWEB will consider these circumstances a “retirement” and allow the employee to receive retirement benefits based on his/her Tier. Retirees are required to notify EWEB of:

- The effective date of Medicare eligibility either by age or disability, or
- The effective date of PERS disability termination

If an employee is terminated for reasons such as sub-standard performance, misconduct, or voluntary resignation, and then later is approved for a PERS disability retirement, the employee is not entitled to retirement benefits, but the employee will be offered COBRA continuation instead.

Other Eligibility Provisions

Eligibility for the EWEB Plans ends when:

- As to the EWEB Group Plans, when a member declines coverage
- For the Spouse of a Retiree, the day in which a decree of divorce is granted
- For the Domestic Partner of a Retiree, the day in which the domestic partnership is terminated
- A member dies
- A member voluntarily ends coverage for him/herself and/or his/her Dependents
- A member no longer qualifies for PERS Disability Retirement
- The contract between EWEB and the group insurance carrier is terminated

Dependents cannot enroll in the EWEB Plans separate from the Retiree. The eligible Retiree must enroll in the Plans in order for Dependents to be eligible for coverage.

When a member loses eligibility for one or more EWEB Plans, the member is responsible for notifying EWEB within 30 days of the date eligibility ends.

If a member fails to notify EWEB when EWEB Plans' eligibility has ended, the member could be responsible for:

- Re-payment of claims that were paid by the Group insurance carrier after eligibility ended
- Re-payment of Premium contributions made by EWEB after eligibility ended
- Loss of a right to elect possible COBRA continuation coverage

Accepting Coverage

An eligible Retiree, and if applicable, the Spouse and Dependents of the eligible Retiree, are entitled to coverage either under the EWEB Plans or COBRA continuation, but not both. Accordingly, coverage under the EWEB Plans is not available unless the eligible Retiree, and if applicable, the Spouse and Dependents of the eligible Retiree, decline or otherwise fail to timely elect COBRA continuation coverage.

Effective January 1, 2004, plan selections are not bundled and may be elected separately. A Retiree may elect the following coverage for him/herself and his/her eligible Dependents: Medical (includes Rx), Vision, and/or Dental.

The coverage for enrolled Dependents must match the coverage for the enrolled Retiree.

Example 1: If an eligible and enrolled Retiree elects only medical coverage for himself (i.e. declines dental and vision coverage), his Dependents (if enrolled) may elect only medical coverage.

Example 2: If an eligible and enrolled Retiree elects medical, dental and vision coverage for herself, her Dependents (if enrolled) must elect all three plans as well (i.e. medical, dental and vision).

Declining Coverage

If, at the time of retirement or any day thereafter, a Retiree declines or drops EWEB Plans coverage for him/herself and/or Dependents, that decision is irrevocable. Upon retirement, the Retiree and/or Dependents will be offered COBRA continuation coverage for a period of 18-months. If a member declines EWEB Plans coverage and instead elects COBRA continuation coverage, EWEB shall not subsidize COBRA coverage.

When You Become Medicare Eligible

When a Retiree becomes eligible for Medicare due to age, EWEB Group Retiree Health Plan coverage ends for the Medicare Eligible member(s). Non-Medicare Eligible Dependents may continue coverage in accordance with the eligibility provisions for the EWEB Group Retiree Health Plan on page 8 of this handbook.

Medicare is a federally sponsored insurance program, separate from any health plans that are offered or subsidized by EWEB.

In most cases, Medicare Eligible members will have the option to enroll in a PERS Medicare Supplement Plan. Coverage under the EWEB Group Retiree Health Plan ends and PERS coverage begins the first of the month in which the Retiree or Dependent becomes Medicare Eligible.

Medicare Eligible Tier 1 and Tier 2 Retirees and their Medicare Eligible Dependents may continue to participate in such EWEB Group Dental/Vision Plans, if any, as EWEB may provide at the time to Active Employees.

Medicare has two parts:

- **Part A (hospital insurance)**
 - Most people do not have to pay for Part A.
- **Part B (medical insurance)**
 - Most people pay monthly for Part B.

Retirees and/or Dependents who are eligible for Medicare are to enroll in Medicare (Parts A and B) because:

1. EWEB Group Retiree Health Plan benefits terminate when a retiree becomes Medicare Eligible due to age, even if the member does not enroll in Medicare.
2. According to PERS Health Plan guidelines, members must be enrolled in both parts of Medicare (A and B) to qualify for coverage.
3. If eligible for Medicare based on disability, Medicare A and B will be deemed to be your primary carrier even if you have not enrolled.

Retirees and Dependents should contact PERS and Medicare to understand eligibility and enrollment guidelines.

II. MEDICARE SUPPLEMENT PLAN

This section applies to Medicare Eligible Tier 1 and Tier 2 Retirees, Dependents and surviving Dependents.

Under current SSA rules, individuals eligible for Medicare are:

- Over age 65 individuals who are receiving, or are eligible to receive full or reduced Social Security Retirement Benefits
- Under age 65 individuals who have received Social Security disability benefits for 24 months
- Most under age 65 individuals who are kidney dialysis or kidney transplant patients

Medicare Eligible Tier I and Tier 2 Retirees and their Medicare Eligible Dependents will be provided by EWEB such supplemental medical coverage as may be available under the PERS Health Insurance Program to PERS Retirees.

The PERS Health Insurance Program offers a selection of medical and dental plans for Medicare eligible members. Some are available only in limited locations. Members may choose the PERS plan that best suits their coverage needs.

PERS medical includes prescription drug coverage. Some PERS medical plans also include vision coverage. PERS dental coverage is offered separate from the medical plan and has a separate Premium.

Eligibility

For information regarding eligibility for the PERS Health Insurance Program, please refer to the PERS Health Insurance Program Member Handbook. Retirees and Dependents are encouraged to contact PERS for more information or with any questions or concerns regarding eligibility.

Website: www.pershealth.com

Phone#: 1-800-768-7377

Note: Upon reaching Medicare eligibility, you must be enrolled in Parts A and B of Medicare to be eligible for PERS Health Plan coverage.

Stipend Recipients

Individual retirees and surviving spouses were identified in 2002 during the Retiree Healthcare Change project that were not eligible for the PERS Health Insurance Program according to PERS eligibility rules. These individuals receive a monthly cash stipend from EWEB equivalent to the subsidy provided to other similarly situated Tier 1 and Tier 2 Retirees and/or Surviving Spouses. No new Retirees and/or Surviving Spouses will qualify for this stipend benefit.

EWEB Rx Supplement Plan

Medicare Eligible members in Tier 1 and Tier 2 receive supplemental prescription drug coverage. The EWEB Rx Supplement is secondary to PERS and pays 50% of the remaining balance (PERS pays 60%). EWEB will determine the insurance carrier that will provide the Rx supplement.

All Medicare Eligible members in Tier 1 and Tier 2 who are receiving a subsidy from EWEB for PERS Health Plan coverage must enroll in the EWEB Rx Supplement Plan.

The EWEB Rx Supplemental Plan includes such supplemental prescription drug coverage as will – when combined with federal Medicare coverage and PERS Health Insurance Program’s supplemental coverage – result in Parity of prescription drug benefits with those, if any, which EWEB may provide at the time to its Active Employees. At this time, Parity means that EWEB will provide supplemental prescription drug coverage resulting in a 20 percent copayment on prescriptions (*i.e.*, by EWEB paying 50% of the Retiree or Dependent 40% copayment otherwise required by the PERS prescription drug coverage).

EWEB will review the Rx supplement annually to determine if the coverage results in parity. Examples of factors that could cause the coverage to be modified include, but are not limited to:

- Changes to the PERS Rx coverage
- Changes to the EWEB Group Plan Rx coverage

Premium Billing

EWEB has contracted with a third party administrator (“TPA”) for the billing of Retiree insurance Premiums. Members receive a monthly bill from the TPA and are responsible for submitting payments directly to the TPA.

Non-payment of Premiums may result in irrevocable termination of coverage.

EWEB makes every effort to ensure that Retirees are billed the correct amounts for their insurance coverage. However, in the event of an error in which the member is under-billed, EWEB reserves the right to recover funds that resulted from the error.

In the event a member is over-billed EWEB will correct the error by reimbursing the Retiree as soon as the error is discovered.

IV. COVERAGE CHANGES

This section applies to members covered under the EWEB Plans. Members should contact PERS or read the PERS Health Insurance Program Member Handbook for information about PERS enrollment opportunities.

Members covered under the EWEB Plans may opt-out or remove Dependents from the plan at any time for any reason. **The election to opt-out or remove members from the plan is irrevocable.**

Other changes to the EWEB Plans coverage may be permitted mid-year or during annual open enrollment, as described below.

In any case, the coverage for enrolled Dependents must match the coverage for the Retiree.

Example 1: If a Retiree drops group dental coverage for himself, he must also drop group dental coverage for all enrolled Dependents.

Example 2: If a Retiree who has group medical, dental, and vision coverage marries and wants to add her new Spouse, the Spouse must enroll in all three plans as well (medical/dental/vision).

Example 3: If a Retiree who has only group medical coverage marries and wants to add his new Spouse, the Spouse can be enrolled only in the group medical plan.

Effect on Premium Contributions

When a member adds or removes Dependents from the EWEB Plans, the Premiums will be adjusted to reflect the new level of coverage (e.g. Retiree Only to Retiree + Family). Premium adjustments are effective the first of the month after a change occurs. There is no EWEB subsidy for newly acquired Dependent Children of surviving or divorced Spouses or Domestic Partners of Retirees.

Mid-Year Status Changes

Adding Dependents to the EWEB Plans mid-year may be permitted in the case of a Special Enrollment, as shown below:

New Dependent(s) of:	Special Enrollment Event		
	Marriage or Establishment of Domestic Partnership	Birth or Adoption	Loss of Other Coverage
Retiree	Yes	Yes	N/A
Spouse of Retiree	N/A	See Retiree	No
Dependent Children of Retirees	No	No	No
Surviving Spouse of Retiree	No	No	No

*Subsidy from EWEB for the newly acquired dependent(s) applies.

EWEB must receive notice of Special Enrollment events within 30 days of the event.

Open Enrollment

Changes permitted during Open Enrollment include:

Members on EWEB Group Retiree Health Plan

- Decline (opt-out of) coverage

Members on COBRA Continuation (Oregon or Federal)

- Add Dependents (any reason)
- Change plan options
- Decline (opt-out of) coverage

Once a member opts-out of coverage, the member cannot re-enroll in the EWEB Plans.

V. DIVORCED SPOUSES OF RETIREES

The following information applies to termination of domestic partnership, as well as to divorce situations. Any reference to the “divorced Spouse” includes a terminated Domestic Partner.

If the divorced Spouse is age 55 or older at the time of divorce, the divorced Spouse may elect to continue coverage under the EWEB Plans through Oregon COBRA until Medicare Eligible.

If the divorced Spouse is under age 55 at the time of divorce, the divorced Spouse may continue coverage under the EWEB Plans through Federal COBRA for up to 36 months. If the divorced Spouse becomes eligible for Medicare during the 36-month COBRA period, EWEB Plans coverage terminates.

Regardless of age, group coverage terminates if the divorced Spouse becomes covered under another group health plan, either by new employment or through marriage (or domestic partnership).

Divorced Spouses of Retirees must pay the full cost of coverage as determined by the carrier.

If the divorced Spouse re-marries within 36 months of the divorce (Federal COBRA continuation coverage period), the new Spouse and any eligible Dependents of the new Spouse may be covered under the EWEB Plans until the period of 36-months since the divorce has expired. At that time, group coverage terminates for the divorced Spouse, for the new Spouse, and for eligible Dependents of the new Spouse. If the divorced Spouse becomes eligible for Medicare or otherwise loses group plan eligibility during the 36 month COBRA period, group coverage terminates for all members (the Surviving Spouse, the new Spouse and all eligible Dependents of the new Spouse). The new Spouse and eligible Dependents of the new Spouse must pay the full cost of coverage as determined by the carrier.

If the divorced Spouse re-marries after 36 months of the divorce, the new Spouse is not eligible for EWEB Group coverage.

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