

TOWN OF READING, MASSACHUSETTS
Health Insurance Opt-Out Program
Side Letter

July 1, 2025 – June 30, 2026

The following are the terms of agreement on the issue of the Health Insurance Opt-Out Program for the employees and retirees of the Town of Reading. Any issues or disputes that arise regarding Eligibility, Guidelines, enrollment periods or rules and regulations relating to the implementation of the program shall be reviewed by the Town Manager, whose determination shall be final and binding on all parties.

Eligibility for Opt-Out Program

1. Employee/Retiree Status

- a. Employees – To participate in the Opt-Out Program, an employee must:
 - i. Be an active employee who is eligible for group health insurance benefits through the Town of Reading and either:
 - 1. Currently enrolled in health insurance for 24 continuous months (as defined in section 2) or
 - 2. Previously participated in the Opt-Out program in the most prior year.
 - ii. If an employee leaves the Town prior to the Opt-Out year end, they shall receive a prorated payout at the time of their departure for full months without Town health coverage. Non-pensioned school employees who work through the last day of school shall be considered whole for the month of June.
 - b. Retirees – To participate in the Opt-Out Program, a retiree must:
 - i. Be currently enrolled in the HMO or PPO or
 - ii. Previously participated in the Opt-Out program as a retiree or employee in the prior year.
 - iii. The retiree would not be eligible to receive Opt-Out compensation in the fiscal year in which they turn 65.
2. **24-months of coverage** – An active employee or retiree must have been covered by a Town health insurance plan for at least 24 continuous months prior to their application to the Opt-Out Program.
3. **Proof of other coverage** – An employee or retiree must show proof of coverage outside a town-sponsored health plan before participating in the Opt-Out Program.

Guidelines

1. The only way to receive the Opt-Out payment is if the employee or retiree is not covered by the Town's health insurance plans in any way. This includes through a parent or spousal plan.
2. In the event an active employee or retiree had both single and family plans during at least 24 months of continuous Town insurance coverage, the most recent plan shall be paid out.
3. This is subject to annual renewal. If the program is not renewed, employees and retirees under age 65 will be given an opportunity to get back onto the Town's health insurance plans, if they choose, at the annual Open Enrollment period.

Timing of Application & Payment

1. An eligible employee or retiree who waives coverage of their group health insurance plan through the Town will be eligible to receive an incentive payment. Such payment will be within one month after the end of the Plan Year, which is also currently the Fiscal Year. As an example, an employee that opts out starting July 1, 2025 will receive a payment by July 31, 2026.
2. Such incentive payment shall not be considered part of or included in the employee's base pay. Such incentive payment will be subject to deductions for state and federal taxes and other deductions required by law.
3. **Enrollment** – Employees and retirees will typically apply for the Opt-Out Program during Open Enrollment. Both a completed application and proof of coverage must be provided annually. Applications must be submitted no later than November 30th of the plan year.
4. **Spouse's Open Enrollment** – Where an employee's spouse has a different open enrollment period, the employee may waive the Town's health insurance coverage during their spouse's open enrollment period. An initial Opt-Out Payment will be a pro-rated amount of the incentive. Proof of the spouse's open enrollment is required.
5. **Qualifying Event** – An employee may waive their health insurance coverage outside of an open enrollment period in the event of a Qualifying Event, as determined by a relevant health insurance coverage plan. However, such an employee is not eligible for an initial pro-rated payment in the year they first waive coverage, but may be eligible for future payments if the Opt-Out Program is renewed.

Re Enrollment in the Town's Health Insurance Plans

1. An employee or retiree under age 65 who enrolls in the Opt-Out Program may re-enroll in one of the Town's Health Insurance plans:
 - (a) During the Town's annual Open Enrollment Period by contacting the Town's Human Resources Office and completing the necessary paperwork; or
 - (b) In the case of a loss of coverage, by contacting the Town's Human Resources Office within 30 days of the qualifying event and providing satisfactory documentation of the loss of coverage.
 - (c) Payment of Opt-Out will be prorated for full months without Town health coverage in accordance with the annual payout schedule.

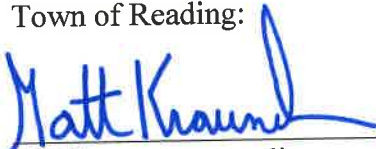
Opt-Out Payments

Family Plans \$5,000

Individual Plans \$2,000

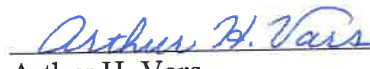
This agreement shall be effective **July 1, 2025** and shall remain in full force until **June 30, 2026** unless extended in writing by the signatories hereto beyond that date.

Town of Reading:



Matthew A. Kraunelis
Town Manager

Public Employee's Committee



Arthur H. Vars