



Town of Chester Health Insurance Opt-Out Policy

Last Updated: 11/26/2025

Approved: 4/6/2026

Introduction

The following is intended as incentive payments that benefit both the employees who elect to participate in this program as well as the Town. Participation is voluntary and subject to the terms and conditions listed below.

To be eligible to participate in this program, an employee must meet the following criteria:

- 1) The individual must be an employee who is eligible for health insurance benefits:
 - a) who was receiving or had elected health insurance benefits from the Town for the immediate prior 12-month period.
- 2) If a new employee is hired and he/she may elect to participate in the program after they have received health insurance benefits from the Town for the immediate prior 12 months.
- 3) The Town will pay an employee covered by this program no less than the following annual amounts, based on twelve (12) months of participation in the program.
 - a) Single Plan: \$1,000.00
 - b) Family Plan: \$2,000.00
- 4) Said payments will be included in an employee's regular paycheck in an annual lump sum at the end of the fiscal year for each full year an employee does not utilize, elect, participate in, and/or have Town-provided insurance.
 - a) Payment(s) will be taxable, but they are separate from wages and will not be included for the computation of wages including, but not necessarily limited to, overtime rates.
- 5) If an employee who is participating in the program returns to electing or receiving Town-provided health insurance all payments pursuant to this program will cease beginning the month before health insurance coverage becomes effective. They will be paid at the end of the fiscal year for the months that qualify for when they did not use town insurance.
- 6) An employee wishing to participate in this program must submit a signed request and waiver in writing on a form provided by the Town and available from the Town Administrator.
- 7) In the event that an employee separates from service with the Town, for any reason whatsoever, he/she will be entitled to payment up to the month containing the date of the employee's separation.
- 8) An employee who participates in this program will be responsible for providing their own insurance coverage and must provide same for each year that they wish to receive payment(s) under this program.

9) Verification of alternative coverage from a source other than the Town of Chester must be provided annually to the Town during the Town's "open enrollment" period for health insurance to qualify. Failure to provide verification of alternate coverage each subsequent year will cease the opt out payment benefit.

10) Nothing in this Agreement is intended to reduce the previously-existing rights of employees to participate in Town-provided health insurance, to limit "qualifying events" that may occur between open enrollment periods or to reduce the rights of employee to have access to health insurance under the law; however, employees should be aware that participation in this program and receipt of any payments under this program are conditioned upon compliance with all of its terms and conditions.

11) In no instance shall an employee receive both a payment under the program and health insurance benefits simultaneously.

12) Continuance of the program will be contingent on a successor the Board of Selectman's willingness to offer such benefit.

Print Name:

Signature:

Position:

Date:

Frequently Asked Questions & Answers

Health Insurance Opt-Out Program

Below are some of the Frequently-Asked-Questions regarding the Health Insurance Opt-Out program.

1. Who will qualify for the opt-out payment? A. To be eligible to participate in the voluntary program, an employee must be eligible for health insurance benefits and have been receiving health insurance benefits from the Town for the immediate previous 12 months.

2. What if I don't currently participate in the Town's insurance, will I be eligible to receive an opt-out payment? A. No, you must have been receiving health insurance benefits from the Town for the immediate previous 12 months to be eligible.

3. How much will I receive for the Health Insurance Opt-out payment? A. The Town will pay an employee covered by this program based on full benefit year participation: \$1,000 for a Single Plan and \$2,000 for a Family Plan.

4. How will I receive my Health Insurance Opt-Out payment? A. You will receive your Health Insurance Opt-Out payment in a lump sum at the end of the fiscal year.

5. When will this Health Insurance Opt-out program be available? A. This program is available immediately and will remain open throughout the life of this policy, which is subject to the Board of Selectman's purview. An enrollee may opt out of the Town's health insurance plans whenever he or she has adequate alternate health insurance and meets the Town's other requirements for opting out.

6. How do I sign up? A. For those who are eligible to qualify for the Health Insurance Opt-Out Program, the employee will be responsible to provide the Town with sufficient proof to verify that they have alternative coverage from another source other than the Town of Chester. The employee will be required to sign off on a Voluntary Waiver form and complete a HIRD (Health Insurance Responsibility Disclosure Form) as well. All documents will need to be forwarded to the Town Administrator, 15 Middlefield Rd, Chester, MA 01011.

7. Are the Health Insurance Opt-Out payments taxable? A. Yes, the health insurance opt-out payments are taxable.

8. Will new hires be eligible to participate in the Health Insurance Opt-out program? A. A new employee must receive health insurance benefits from the Town for the immediate previous 12 months before they will be eligible.

9. Will the program be available each fiscal year? A. The program will be available each year during Open enrollment. Once enrolled in the opt-out incentive program, you will be eligible to continue on an annual basis provided you submit the required documentation.

10. What if I am terminated from the Town, when will I receive my last health insurance opt-out payment? A. You will be entitled to payment up to the month containing the date of your separation.

11. What if my spouse and I work for the Town of Chester, will we both be eligible to participate in the Health Insurance opt Out Program? A. No, if you are both employed by the Town of Chester, you will not be eligible to enroll in the program.

12. I get married on July 15th, 2026, which is a qualifying event and decide to opt-out of the Town's health insurance, when will I receive my first health insurance opt-out

payment? A. You have 30 days from the date of the qualifying event to make a change to your insurance. You are eligible for the opt Out payment if you have met the criteria noted in Q1. If you decide that you would like to cancel your insurance as of July 31, 2026, and move to your spouse's plan, you will be required to complete the Voluntary Waiver and HIRD form and appropriate documentation from your spouse's employer to qualify for the Opt-Out payment. Once it has been determined that you qualify, you will receive your first opt Out payment on the last scheduled payroll of the fiscal year following the effective coverage termination date. The town will set an effective date on the withdrawal of the insurance.

13. I get married on July 15th, 2026, which is a qualifying event and decide to withdraw from the opt Out Program and enroll on the Town's Health Insurance, when will I receive my last Health Insurance opt-out payment? A. You have 30 days from the date of the qualifying event to make a change to your insurance. If you decide that you would like to enroll onto the Town's insurance as of August 1, 2026, you will be required to complete GIC forms and provide additional documentation on your dependents if enrolling in a family plan. Once the GIC sets the effective date of the insurance (i.e. August 1, 2026), you will receive last opt Out Payment in June 2027.

14. If I opt-out and I find that I don't like my alternative coverage, can I withdraw my enrollment in the Opt-Out program and reenroll in the towns plan? A. No. This is not a qualifying event. During the year, you can terminate your enrollment in the Opt-Out Program and re-enroll in the towns benefits only if you experience a qualifying event (according to federal Internal Revenue Service (IRS) rules), such as a change in family status or loss of other coverage. You may re-enroll during the next open enrollment period.

If you would like additional information, please contact the Town Administrator at (413) 354-7760 for further details.

Health Insurance Opt-Out Program

Fiscal Year 2026

Under these terms of the Town of Chester's Health Insurance Opt-Out Program, eligible active service employees who obtain alternate health insurance coverage from another source may voluntarily cancel their Town coverage, and receive 1 yearly payment of \$1,000 for single insurance and \$2,000 for a family plan.

To qualify for this opt-out program you must meet both of the following requirements:

- 1) You were an active employee of the Town of Chester covered by one of its health insurance plans for at least the last twelve (12) months preceding your enrollment in this program;
- 2) You can provide documentation of alternate comparable health insurance plan coverage from another source.

Once enrolled in this opt-out program, you must maintain your alternate health insurance coverage, and you may not re-enroll in the Town's health insurance plans unless one of the following occurs:

- 1) You involuntarily lose your alternate health coverage through no fault of your own;
- 2) There is a change in your family status (e.g., marriage, divorce, birth or adoption of a child);
- 3) The termination of your spouse's employment, or a reduction of his/her hours, resulting in the loss of your alternate health insurance coverage;
- 4) At least 12 months have passed, and you choose to re-enroll in one of the Town's health insurance plans during the annual open enrollment period.

The open enrollment period to sign up for this opt-out program in Fiscal Year 2026 is as follows:

- May 1st – May 22nd for the 12 month period of 7/1/25– 06/30/26

The yearly payment will end if you must re-enroll in the Town's health insurance due to a qualifying event, you are no longer employed by the Town of Chester, or you voluntarily reduce your hours below the qualifying threshold to qualify for town provided health insurance.

Town of Chester

Health Insurance Opt-Out Election Form

PLEASE READ PAGE ONE BEFORE COMPLETING FORM – PRINT CLEARLY

Insured Name (First) (MI) (Last)

Street Address

City State Zip Code

Social Security Number

1. I hereby elect a monetary allowance in lieu of participating in a Town of Chester sponsored group health insurance plan. I understand that the allowance will be paid at the end of each fiscal year, beginning in July, 2026. I understand that taxes will be withheld from these payments.
2. I was covered by a Town of Chester health insurance plan on January 1, 2025 and that coverage remains active at present.

Type of coverage on January 1, 2025: Individual Family

Plan Enrolled in: Network Blue New England _____ Blue Care Elect _____

3. I have compared my other alternate health insurance coverage with my Town of Chester coverage. The coverage is comparable.
4. I understand that I may cancel this election only:
 - a. You involuntarily lose your alternate health coverage through no fault of your own;
 - b. There is a change in your family status (e.g., marriage, divorce, birth or adoption of a child);
 - c. The termination of your spouse's employment, or a reduction of his/her hours, resulting in the loss of your alternate health insurance coverage;
 - d. At least 12 months have passed, and you choose to re-enroll in one of the Town's health insurance plans during the annual open enrollment period.

Signature of Insured

Date

FOR TOWN USE ONLY

1. Current Health Plan Terminated Yes _____ No _____
2. Effective Date _____
3. UltraBenefits Notified (date) _____
4. Buy-out period From _____ To _____
5. Processed by _____