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**EMERGENCY MANAGER  
CITY OF FLINT  
GENESEE COUNTY MICHIGAN**

**ORDER No. 19**

**NON-UNION ACTIVES AND RETIREE INSURANCE RECIPIENTS**

BY THE POWER AND AUTHORITY VESTED IN THE EMERGENCY MANAGER ("EMERGENCY MANAGER) FOR THE CITY OF FLINT, MICHIGAN ("CITY") PURSUANT TO MICHIGAN'S PUBLIC ACT 4 OF 2011, THE LOCAL GOVERNMENT AND SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT, ("PA 4"); MICHAEL BROWN, THE EMERGENCY MANAGER, ISSUES THE FOLLOWING ORDER:

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On March 16, 2011, the Local Government and School District Fiscal Accountability Act, Public Act 4 of 2011, ("Public Act 4") was enacted to safeguard and assure the fiscal accountability of units of local government; to preserve the capacity of units of local government to provide or cause to be provided necessary services essential to the public health, safety and welfare of citizens; and

Pursuant to Public Act 4, the Emergency Manager has broad powers in receivership to rectify the financial emergency and to assure the fiscal accountability of the City of Flint and its capacity to provide or cause to be provided necessary services essential to the public health, safety and welfare; and

Pursuant to Public Act 4, the Emergency Manager acts in place of local officials, specifically the Mayor and City Council, unless the Emergency Manager delegates specific authority; and

Public Act 4 empowers the Emergency Manager to issue the orders the Manager considers necessary to accomplish the purposes of the Act and any such orders are binding on the local officials or employees to whom they are issued. **Section 19(1)** provides that an Emergency Manager may take on one or more additional actions with respect to a local government in receivership: **(g)** Make, approve or disapprove any appropriation, contract, expenditure..."; **(ee)** Take any other action or exercise any power or authority of any officer, employee, department, board, commission, or other similar entity of the local government, whether elected or appointed, relating to the operation of the local government. The power of the emergency manager shall be

superior to and supersede the power of any of the foregoing officers or entities...; and **19(2)** ...the authority of the chief administrative officer and governing body to exercise power for and on behalf of the local government under law, charter, and ordinance shall be suspended and vested in the Emergency Manager.

**It is hereby ordered:**

The City of Flint (hereinafter "Employer") shall provide health care benefits to the following groups as set forth herein:

1. non-union, regular full-time employees (hereinafter "Employee(s)") and their eligible spouses and dependents and;
2. Current City of Flint retirees from non-union positions (hereinafter "Retirees") and their eligible spouses and dependents.

**Section 1. Employee Health Coverage.**

(a) The City shall not provide health care coverage for the Employee's spouse if the Employee's spouse is eligible to receive paid health coverage through an employer or former employer of the Employee's spouse. As a condition of continued spousal health care coverage under this section, the City may require that an employee file a yearly affidavit attesting that the spouse is eligible for no other employer-paid health coverage.

(b) Effective July 1, 2012, the Employer will offer eligible Employees the following health coverage plans:

- (i) BCBSM Community Blue PPO Plan CB 12 PPO with \$1,000/\$2,000 deductible and with \$10/40/80 prescription drug coverage
- (ii) Health Plus Plan DVDF with \$20/40/60 prescription drug coverage
- (iii) McLaren Health Plan C6 with \$10/40/80 prescription drug coverage

The Employer may offer a high deductible plan in conjunction with a health savings account, to be offered in a special open enrollment not subject to subsection (c) below.

Employees may change their coverage elections during an open enrollment held before July 1, 2012, and during subsequent annual enrollment periods scheduled by the Employer. Plan coverage will be subject to the coverage terms and regulations of each carrier.

(c) The Employer may, at its discretion, amend the health coverage plans offered, add new health coverage plans, or remove health coverage plans. The Employer may change the open enrollment periods for existing health coverage plans, but not more often than twice annually.

(d) The Employer reserves the right to change or discontinue the existing health insurance benefit program in response to the Patient Protection and Affordable Care Act ("PPACA"), as amended. This includes the right to respond to regulations issued under the PPACA or judicial interpretations of the PPACA.

(e) The City’s contribution for an Employee’s health coverage, and to the HSA, if applicable, shall be the lesser of (i) the applicable annual single, double or family coverage contribution limits provided in Section 3 of the Michigan Publicly Funded Health Insurance Contribution Act, 2011 PA 152, as adjusted by the state treasurer for each subsequent coverage year, or (ii) the actual annual costs or illustrative rate for the elected health coverage, plus contributions to the Employee’s HSA, if applicable. The Employee will pay any excess premium contributions through payroll deduction.

**Section 2. Retiree Health Coverage.**

(a) **New Hires.** Employees hired on or after the effective date of this Agreement (“new hire Employee”) are ineligible for Employer-paid retiree health care coverage. Instead, the Employer shall establish a Retiree Medical Savings Account (RMSA) or other IRS-qualifying savings plan for each new hire Employee. Employer will contribute \$1,500.00 per year to this account. New hire Employees shall make a pre-tax employee withholding of \$600.00 per year to the Employee’s RMSA. Employees shall be one hundred percent (100%) vested at all times on their own employee contributions and investment earnings. Employees shall be vested on Employer contributions and investment earnings according to the following schedule:

<i>Completed Years of Service</i>	<i>Percent Vested</i>
1 Year	20%
2 Years	40%
3 Years	60%
4 Years	80%
5 Years	100%

Annual Employer and Employee contributions to a new hire Employee’s RMSA shall cease at the earlier of the Employee’s separation from City employment (including retirement) or upon becoming eligible for Medicare. The Employee may use the RMSA for any purpose consistent with federal law and regulations.

(b) **Deferred Retirement.** An Employee who elects a deferred retirement is ineligible for the retiree health care coverage provided by this section.

(c) **Vested Regular Retirement for Defined Benefit Plan Members.** An Employee whose rights to a non-deferred defined benefit pension vested by virtue of the Employee’s age and service on or before the effective date of this Agreement may, upon retirement, elect health care benefits for the Employee, the Employee’s spouse, and the employee’s dependents in existence at the time of retirement, on the same terms (including required contributions to premiums) and with the same benefit levels as offered to current Regular full-time employees, until the Employee attains age sixty-five (65). Employees who participate in the high-deductible health coverage plan at the time of retirement shall receive an annual contribution to the Employee’s HSA equal to fifty percent (50%) of the applicable contribution amount provided to active employees pursuant to Section 1(e) of this Article.

(i) The City shall not provide retiree health care coverage for the Employee if the Employee is eligible to receive paid health coverage through another employer or former employer.

As a condition of continued retiree health care coverage under this section, the City may require that a retiree file a yearly affidavit attesting that the retiree is eligible for no other employer-paid health coverage.

(ii) The City shall not provide retiree health care coverage for the Employee's spouse if the Employee's spouse is eligible to receive paid health coverage through an employer or former employer of the Employee's spouse. As a condition of continued spousal health care coverage under this section, the City may require that a retiree file a yearly affidavit attesting that the spouse is eligible for no other employer-paid health coverage.

(d) **Non-vested Regular Retirement for Defined Benefit Plan Members.** An Employee whose rights to a non-deferred defined benefit pension do not vest on or before the effective date of this Agreement may, upon retirement, elect health care benefits for the Employee only on the same terms (including required contributions to premiums) and with the same benefit levels as offered to current Regular full-time employees, until the Employee attains age sixty-five (65). The City shall not provide retiree health care coverage for the Employee if the Employee is eligible to receive paid health coverage through another employer or former employer. As a condition of continued retiree health care coverage under this section, the City may require that a retiree file a yearly affidavit attesting that the retiree is eligible for no other employer-paid health coverage.

(e) **Medicare Supplemental Part B.** A City of Flint retiree aged sixty-five (65) or over will be covered by a Medicare supplemental plan at the Employer's expense, subject to the contribution limits provided in Section 3 of the Publicly Funded Health Insurance Contribution Act, 2011 PA 152, if and only if the retiree enrolls in and pays for Medicare Supplemental Part B. The spouse of a City of Flint retiree aged sixty-five (65) or over will be covered by a Medicare supplemental plan at the Employer's expense, subject to the contribution limits provided in Section 3 of the Publicly Funded Health Insurance Contribution Act, 2011 PA 152, if and only if the spouse enrolls in and pays for Medicare Supplemental Part B.

(f) **Retirement for Current Hybrid Plan Participants.** An Employee, other than a new hire Employee, who participates in the Hybrid Retirement Plan, and has reached both age sixty-two (62) and a minimum of fifteen (15) years of service on or before the effective date of this Agreement may, upon retirement, elect health care benefits for the Employee and the Employee's spouse on the same terms (including required contributions to premiums) and with the same benefit levels as offered to current Regular full-time employees, until the Employee attains age sixty-five (65).

(i) The City shall not provide retiree health care coverage for the Employee if the Employee is eligible to receive paid health coverage through another employer or former employer. As a condition of continued retiree health care coverage under this section, the City may require that a retiree file a yearly affidavit attesting that the retiree is eligible for no other employer-paid health coverage.

(ii) The City shall not provide retiree health care coverage for the Employee's spouse if the Employee's spouse is eligible to receive paid health coverage through an employer or former employer of the Employee's spouse. As a condition of continued spousal health care coverage under this section, the City may require that a retiree file a yearly affidavit attesting that the spouse is eligible for no other employer-paid health coverage.

(iii) A defined Hybrid Plan retiree aged sixty-five (65) or over will be covered by a Medicare supplemental plan at the Employer's expense, subject to the contribution limits provided in Section 3 of the Publicly Funded Health Insurance Contribution Act, 2011 PA 152, if and only if the retiree enrolls in and pays for Medicare Supplemental Part B. The spouse of a City of Flint retiree aged sixty-five (65) or over will be covered by a Medicare supplemental plan at the Employer's expense, subject to the contribution limits provided in Section 3 of the Publicly Funded Health Insurance Contribution Act, 2011 PA 152, if and only if the spouse enrolls in and pays for Medicare Supplemental Part B.

(g) **Dependent/Spouse Health Coverage.** A City of Flint retiree may purchase health coverage for the retiree's spouse or dependents on the same terms as offered to current Regular full-time employees, and at the prevailing group rate for the selected plan. The retiree must agree to deduction of premium costs from the retiree's pension payments.

### **Section 3. Termination of Benefits.**


(a) Except as otherwise provided herein, health coverage terminates for all eligible recipients upon death of the Retiree unless the Retiree has selected a pension survivorship option for his or her spouse. Coverage for all eligible recipients also shall terminate on the last day of the premium month in which the covered Employee is terminated or laid off.

(b) Health coverage shall be continued during any leave for which the Employee receives full pay from the Employer. Employees on leave of absence with reduced or without pay or on layoff are not entitled to continued health coverage paid by the Employer but may be eligible for continuation coverage as provided by the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Employees on a Workers' Compensation leave of absence shall receive health insurance coverage on the same terms (including required contributions to premiums) and with the same benefit levels as offered to current Regular full-time employees for up to six (6) months.

This Order shall have immediate effect.

This Order may be amended, modified, repealed or terminated by any subsequent order issued by the Emergency Manager.

Dated: April 24, 2012

By:   
Michael K. Brown  
Emergency Manager  
City of Flint

xc: State of Michigan Department of Treasury  
Mayor Dayne Walling  
Flint City Council  
Inez Brown, City Clerk