

**COUNCIL OF THE CITY OF ABERDEEN**  
**Ordinance No. 18-O-20**

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**Date Introduced:** June 25, 2018

**Sponsored By:** Councilman Melvin T. Taylor and Councilwoman Sandra J. Landbeck

**Public Hearing:** July 9, 2018

**Amendments Adopted:**

**Date Adopted:** July 23, 2018

**Date Effective:** August 13, 2018

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AN ORDINANCE concerning


**RETIREE BENEFIT PLAN**

**FOR** the purpose of adopting a certain Retiree Benefit Plan to provide health and welfare benefits to eligible retirees and, in certain instances, their eligible survivors and dependents; and generally related to post-employment benefits for certain retired City employees.

**SECTION 1. BE IT ENACTED BY THE COUNCIL OF THE CITY OF ABERDEEN** that the City of Aberdeen, Maryland Retiree Benefit Plan dated June, 2018, attached to this Ordinance is adopted.

**SECTION 2. AND BE IT FURTHER ENACTED BY THE COUNCIL OF THE CITY OF ABERDEEN** that this Ordinance shall become effective at the expiration of twenty (20) calendar days following adoption.

**COUNCIL OF THE CITY OF ABERDEEN**

  
**Patrick L. McGrady, Mayor**  
**Steven E. Goodin, Councilman**  
**Sandra J. Landbeck, Councilwoman**  
**Timothy W. Lindecamp, Councilman**  
**Melvin T. Taylor, Councilman**

**ATTEST:**

**SEAL:**

  
**Monica A. Correll, City Clerk**

Date July 23, 2018

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**CITY OF ABERDEEN, MARYLAND  
RETIREE BENEFIT PLAN**

**JUNE, 2018**

**CITY OF ABERDEEN, MARYLAND  
RETIREE BENEFIT PLAN**

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**CITY OF ABERDEEN, MARYLAND  
RETIREE BENEFIT PLAN**

ARTICLE I: PURPOSE

The purpose of this Plan is to provide health and welfare benefits to Eligible Retirees and, in certain instances, their Eligible Survivors and Dependents pursuant to specified insurance policies, contracts and self-funding agreements and in accordance with policies established from time to time by the City of Aberdeen, Maryland City Council.

ARTICLE II: DEFINITIONS

Whenever used herein, the following terms have the meanings set forth below unless a different meaning is clearly required by the context.

2.01 Benefits Effective Date: The first day of the month following the date an Eligible Retiree Retires From Employment with the City after meeting the requirements for eligibility to participate in this Plan.

2.02 City: City of Aberdeen, Maryland, a municipality duly organized and existing under the laws of the State of Maryland.

2.03 Code: The Internal Revenue Code of 1986, as amended, and its regulations.

2.04 Covered Retiree: An Eligible Retiree who elects to participate in the Plan.

2.05 Covered Survivor: An Eligible Survivor who elects to participate in the Plan.

2.06 Election: The choice by a Covered Retiree or Covered Survivor to enroll in one or more of the Group Programs.

2.07 Eligible Dependents: Eligible Dependents are a Covered Retiree's:

(a) Legal spouse, as recognized by the laws of the State of Maryland;

(b) Any other person who qualifies as a dependent under the terms of a Group Programs.

2.08 Eligible Retiree: A former employee of the City who:

1 (a) Was covered under the City's group health insurance program at the time of  
2 termination of employment; and

3  
4 (b) Was classified by the City as a full-time, active employee in accordance with  
5 the City's personnel rules in effect from time to time at the time of termination of  
6 employment; and

7  
8 (c) (i) In the case of a participant in the City of Aberdeen Police Department  
9 Retirement Plan, completed 25 years of service as defined under the City of Aberdeen  
10 Police Department Retirement Plan; or

11  
12 (ii) In the case of a participant in the City of Aberdeen Defined Benefit  
13 Pension Plan, terminated employment at normal retirement age, as defined in the City of  
14 Aberdeen Defined Benefit Pension Plan; or

15  
16 (iii) In the case of participant in the City of Aberdeen Defined  
17 Contribution Plan, terminate employment after 20 years of service, as defined in the City  
18 of Aberdeen Defined Contribution Plan, and have reached at least age 50 for law  
19 enforcement employees, or age 55 for non-law enforcement employees.

20  
21 2.09 Eligible Survivor: An Eligible Dependent of a Covered Retiree who was  
22 covered under the Plan at the time of a Covered Retiree's death.

23  
24 2.10 Group Health Plans: Self funded benefit plans and group insurance policies  
25 and contracts issued to the City to provide medical, hospitalization and prescription drug  
26 coverage for Covered Retirees, Covered Survivors and their Eligible Dependents who  
27 participate in the Plan and for which the City and/or the Covered Retiree and the Covered  
28 Survivor pay premiums.

29  
30 2.11 Group Life Insurance Plan: Self funded benefit plans and group insurance  
31 policies and contracts issued to the City to life insurance coverage to Covered Retirees,  
32 who participate in the Plan and for which the City pays premiums.

33  
34 2.12 Group Programs: Self funded benefit plans and group insurance policies  
35 and contracts issued to the City to provide health and welfare benefits and life insurance  
36 benefits for Covered Retirees, Covered Survivors and their Eligible Dependents who  
37 participate in the Plan and for which the City and, for certain programs, the Covered  
38 Retiree and the Covered Survivor pay premiums.

39  
40 2.13 Group Providers: The companies that issue and/or administer the Group  
41 Programs.

42

2.14 Participant: Any Covered Retiree, Covered Survivor or Eligible Dependent who participates in the Plan in accordance with Article III.

2.15 Period of Coverage: The Plan Year except for a new or requalifying Participant who satisfies the participation requirements of Article III after the first day of a Plan Year, in which case the Period of Coverage shall be the time period commencing on the Benefits Effective Date and ending on the last day of the Plan Year.

2.16 Plan: The City of Aberdeen Retiree Benefit Plan as set forth herein, and as amended from time to time.

2.17 Plan Year: The 12 month period beginning on July 1 and ending on the following June 30.

2.18 Retires From Employment: An individual's termination from employment with the City at a time when the individual is an Eligible Retiree.

2.18 Trust: The City of Aberdeen Non-Pension Post Employment Benefits Trust Agreement.

### ARTICLE III: PARTICIPATION

3.01 Commencement of Participation: A Covered Retiree will become eligible for participation in the Plan on the Benefits Effective Date. The City may require that a Covered Retiree and Eligible Dependent complete enrollment prior to commencement of participation in the Plan.

3.02 Termination of Participation: For Covered Retirees, Covered Survivors and Dependents, participation in and coverage under the Group Programs ends on the date provided under each of the individual Programs, or, where applicable, upon failure of the Participant to pay premiums, as applicable. Furthermore, a Covered Retiree and the Covered Retiree's Eligible Dependent's coverage under the Group Health Plan will end when the Covered Retiree or Eligible Dependent reach age 65 or otherwise become enrolled in Medicare, unless the Covered Retiree retired under the City of Aberdeen Defined Benefit Pension Plan.

3.03 Continuation of Coverage: Eligible Survivors and Dependents will continue to be eligible for a Group Health Plan following the death of the Covered Retiree if the Eligible Survivor and Dependents were Participants in a Group Program at the time of the Covered Retiree's death. In addition, the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA") requires that a Participant's family be given the opportunity to

1 continue coverage, if eligible, under certain Group Health Plans when there is a  
2 "qualifying event" that would result in a loss of coverage under the Group Health Plan.  
3 Qualifying events include the Participant's death, divorce or legal separation from the  
4 Participant's spouse, a dependent Child ceasing to be an eligible dependent or the  
5 Participant becoming enrolled in Medicare. The individual Group Programs will dictate  
6 the rights, if any, to continued coverage.

7  
8 ARTICLE IV: ELECTIONS AND FUNDING  
9

10 4.01 Election Procedure: An Eligible Retiree may elect to participate in and  
11 receive benefits under this Plan by giving notice to the City in a form acceptable to the  
12 City. The Election must be received by the City prior to the first day of the applicable  
13 Period of Coverage. Elections automatically terminate on the date on which the  
14 Participant ceases to be a Covered Retiree.

15  
16 4.02 Plan Funding Policy: Premiums and other contributions for the Group  
17 Programs may be paid from the assets of the Trust. Premium payments for some  
18 Programs may require contributions by the Participant as well as the City. No Participant  
19 shall have any claim against, right to, or interest in the Trust. In the event that the City or  
20 the Trustee of the Trust for any reason fails to pay premiums for, or otherwise implement  
21 the Group Programs for Participants, the sole liability of the City shall be limited to the  
22 amount of premiums otherwise payable. The City shall not be responsible for any losses  
23 to Participants or dependents for such failure beyond the amount of such premiums or  
24 contributions.

25  
26 4.03 Benefits: The Plan provides Participants (Covered Retirees, Covered  
27 Survivors and, with respect to certain benefits, their Eligible Dependents) with one or  
28 more of the following Group Programs through various Group Providers:

- 29 • Health Plans  
30 • Prescription Drug Plans  
31 • Life Insurance Plans

32 The City shall have no responsibility for the payment of benefits other than payments for  
33 benefits provided through Group Programs that are not fully insured; benefits under all  
34 other Group Programs are payable solely by the Group Provider pursuant to the Group  
35 Programs. The City shall be responsible for the payment of the Employer's share and the  
36 transmission of the Participants' share of the premiums for fully insured programs Group  
37 Programs. The Group Provider will have the sole responsibility to pay all valid benefit  
38 claims. All claims for benefits shall be filed with the Group Provider, which has the sole  
39 right to determine what benefits are payable under the terms of the insurance policies.



1       4.04 Nondiscrimination: Each benefit provided by the City that is a self-insured  
2 medical expense reimbursement plan as described in Section 105(h) of the Code shall  
3 comply with the nondiscrimination requirements of Section 105(h) of the Code and  
4 Treasury Regulation section 1.105-11.

5  
6       4.05 Participant's and Survivor's Responsibilities: Each Participant and Survivor  
7 shall be responsible for providing the City with the Participant's, Survivor's and each  
8 Dependent's current address. Any notices required or permitted to be given hereunder  
9 shall be deemed given if directed to such address and mailed by regular United States  
10 mail. The City shall have no obligation or duty to locate a Participant.

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13                               ARTICLE V: ADMINISTRATION  
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15       5.01 Delegation of Duties: The City may delegate in writing its duties under the  
16 Plan to one or more officers or employees or to individuals or entities independent of the  
17 City.

18  
19       5.02 Powers of the City: The City shall have all powers which are necessary to  
20 administer the Plan, including but not limited to the following:

21  
22               (a) To interpret the provisions of the Plan and decide questions of  
23 eligibility to participate. In the event that the provisions of any Group Program conflict  
24 with or contradict the provisions of this document or any other Group Program, the City  
25 shall use its discretion to interpret the terms and purpose of the Plan so as to resolve any  
26 conflict or contradiction. However, the terms of this document may not enlarge the rights  
27 of a Participant, Dependent or beneficiary to benefits available under any Group Program.

28  
29               (b) To establish rules and prescribe any forms necessary or desirable for  
30 the administration of the Plan.

31  
32       5.03 Actions of the City: The City shall have all other powers necessary or  
33 desirable to administer the Plan, including, but not limited to, the following:

34  
35               (a) To prescribe procedures to be followed by Participants in making  
36 elections under the Plan and in filing claims under the Plan;

37  
38               (b) To prepare and distribute information explaining the Plan to  
39 Participants;

40  
41               (c) To receive from Participants and beneficiaries such information as  
42 shall be necessary for the proper administration of the Plan;

(d) To keep records of elections, claims, disbursements for claims under the Plan, and any other information required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") or the Code;

(e) To appoint individuals or committees to assist in the administration of the Plan and to engage any other agents it deems advisable;

(f) To purchase any insurance deemed necessary for providing benefits under the Plan;

(g) To accept, modify or reject Participant elections under the Plan;

(h) To promulgate election forms and claim forms to be used by Participants;

(i) To prepare and file any reports or returns with respect to the Plan required by the Code or any other laws;

(j) To determine and announce any Participant contributions required hereunder;

(k) To determine and enforce any limits on benefits elected hereunder;

(l) To take such action as may be necessary to cause the payroll deduction of any Participant contributions required hereunder; and

(m) To correct errors and to make equitable adjustments for mistakes made in the administration of the Plan; specifically, and without limitation, to recover erroneous overpayments made from the Plan to a Participant or beneficiary, in whatever manner the City determines is appropriate, including suspensions or recoupment of, or offsets against, future payments due that Participant or beneficiary.

5.04 Claims Procedures: The City has delegated claims administration to the Group Providers. The claims procedure governing the Group Program will govern an individual claim for benefits under that Group Program.

5.05 Notification of Eligibility: Upon becoming eligible to participate in the Plan, all Eligible Retirees will be notified of the availability and terms and conditions of the Plan. Upon the Plan being amended or changed, the City will promptly notify all Plan Participants.

1        5.06 Delegation of Duties: The City may delegate responsibilities for the  
2 operation and administration of the Plan, may designate fiduciaries other than those  
3 named in the Plan, and may allocate or reallocate fiduciary responsibilities under the Plan.  
4

5        5.07 Indemnification: The City shall indemnify each person to whom  
6 responsibility is delegated or assigned under this Plan and every other person who is  
7 made, or threatened to be made a party to any action, suit or proceeding, including  
8 administrative and investigatory proceedings, by reason of his or her service in a fiduciary  
9 capacity to the Plan to the fullest extent allowable by law.  
10

11        5.08 Fiduciary Duties and Responsibilities: Each Plan fiduciary shall discharge  
12 his or her duties with respect to the Plan solely in the interest of the Participants and their  
13 Eligible Dependents for the exclusive purpose of providing benefits to such individuals  
14 and defraying reasonable expenses of administering the Plan and in accordance with the  
15 terms of the Plan. Each fiduciary, in carrying out such duties, shall act with the care, skill,  
16 prudence and diligence under the circumstances then prevailing that a prudent man  
17 acting in a like capacity and familiar with such matters would use in exercising such  
18 authority. A fiduciary may serve in more than one fiduciary capacity. A fiduciary shall  
19 not be liable for any act or omission of any other party to the extent that (a) such  
20 responsibility was properly allocated to such other party as a named fiduciary, or (b) such  
21 other party has been properly designated to carry out such responsibility pursuant to the  
22 procedures set forth above.  
23

24        5.09 Inclusion in Taxable Income: The City will take reasonable steps to identify  
25 individuals who receive benefits under the Plan but do not qualify as dependents under  
26 Section 152 of the Code. The City will include in the taxable income of Participants  
27 imputed income relating to the participation in the Plan of any such individuals.  
28

## 29                    ARTICLE VI: MISCELLANEOUS

30

31        6.01 Amendment and Termination: The City expects and intends to maintain the  
32 Plan indefinitely, but may amend or terminate the Plan at any time by a duly adopted  
33 resolution of the City Council. Unless otherwise specifically provided, amendments shall  
34 be only prospective in impact.  
35

36        6.02 Certificate of Creditable Coverage: The Health Insurance Portability and  
37 Accountability Act of 1996 requires that, if a Participant terminates coverage under a  
38 group health plan that the Participant be provided with a Certificate of Creditable  
39 Coverage. A Certificate of Creditable Coverage is a written document that shows the  
40 type of coverage the Participant previously had under a group health plan and how  
41 long that coverage lasted. The Certificate of Creditable Coverage applies to all  
42 individuals who were covered under the group health plan (the Participant, the

Participant's legal spouse and the Participant's eligible Dependents). Without evidence of creditable coverage, individuals may be subject to a preexisting condition exclusion for 12 months (18 months for late enrollees) after enrolling in new health coverage. The Plan will provide Participants and/or their legal spouse and eligible Dependents with a Certificate of Creditable Coverage, upon request, if such request is made within 24 months after coverage under this Plan terminates.

6.03 Applicable Law: This Plan shall be construed and enforced according to the laws of the State of Maryland, other than its laws respecting choice of law, to the extent not preempted by any federal law.

#### ARTICLE VII: PROTECTED HEALTH INFORMATION

7.01 Use and Disclosure; Definitions: The Plan will use protected health information only to the extent of and in accordance with the uses and disclosures permitted by HIPAA, specifically, for purposes related to health care treatment, payment for health care and health care operations.

(a) "Payment" includes activities undertaken by the Plan to obtain premiums or determine or fulfill its responsibility for coverage and provision of Plan benefits that relate to an individual to whom health care is provided.

(b) "Health care operations" include, but are not limited to, quality assessment, Retiree and dependent population-based activities relating to improving health or reducing the cost of health care, protocol development, rating health care provider and plan performance, underwriting, premium rating and other activities relating to the creation, renewal or replacement of a contract of health insurance or health benefits, business planning and development, including conducting cost-management and planning-related analyses related to managing and operating the Plan, including formulary development and administration, development or improvement of payment methods or coverage.

7.02 Covenants of the City: With respect to protected health information, the City agrees to:

(a) Not use or further disclose protected health information other than as permitted or required by the Plan or as required by law;

(b) Ensure that any agents, including a subcontractor, to whom the City provides protected health information received from the Plan agree to the same restrictions and conditions that apply to the City with respect to such protected health information;

(c) Not use or disclose protected health information for employment-related actions and decisions unless authorized by an individual;

(d) Not use or disclose protected health information in connection with any other Retiree benefit plan sponsored by the City unless authorized by an individual;

(e) Report to the Plan any unauthorized or improper protected health information use or disclosure of which it is aware, as soon as it becomes aware;

(f) Make protected health information available to an individual in accordance with HIPAA's access requirements;

(g) Make protected health information available for amendment by an individual and incorporate any amendments to protected health information in accordance with HIPAA;

(h) Make available the information required to provide an accounting of disclosures;

(i) Make internal practices, books and records relating to the use and disclosure of protected health information received from the Plan available to the United States Health and Human Services Secretary for the purposes of determining the Plan's compliance with HIPAA; and

(j) If feasible, return or destroy all protected health information received from the Plan that the City still maintains in any form, and retain no copies of the protected health information when no longer needed for the purpose for which disclosure was made. Alternatively, if return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction infeasible.

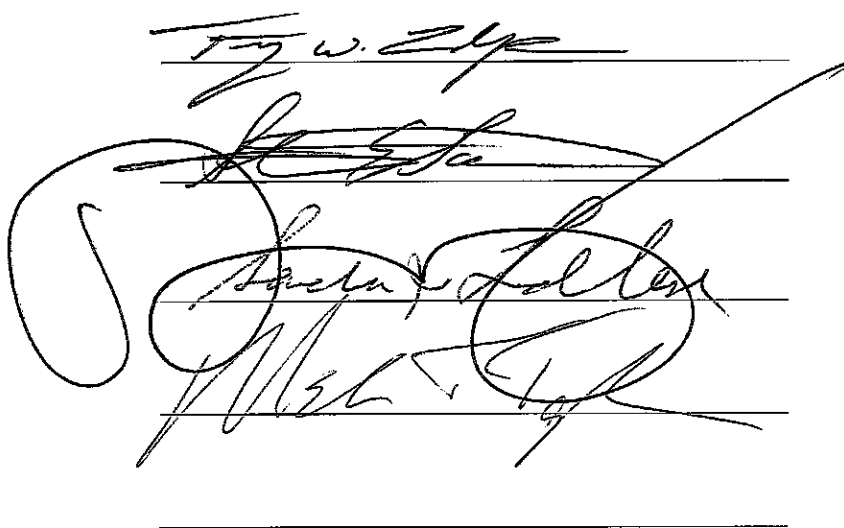
7.04 Separation between Plan and City: In accordance with HIPAA, only persons designated as HIPAA officers may be given access to protected health information.

7.05 Limitation on Access to Protected Health Information: The persons designated as HIPAA officers may only have access to and use and disclose protected health information for Plan administration functions that the City performs for the Plan.

7.06 Noncompliance: If the persons described in Section 7.04 do not comply with this Plan, the City shall provide a mechanism for resolving issues of noncompliance, including disciplinary actions.

IN WITNESS WHEREOF, the undersigned do hereby set their hands and seals as  
of the 23<sup>RD</sup> day of July, 2018.

COUNCIL OF THE CITY OF ABERDEEN

The block contains four handwritten signatures, each written over a horizontal line. The signatures are in cursive and appear to be of different individuals. The first signature is at the top, followed by three more below it. The signatures are somewhat stylized and overlapping.