

# EVERETT SCHOOL EMPLOYEE BENEFIT TRUST

May 27, 2004

Ms. Mickie Gundersen  
aka Ruth Michelle Shepard  
1126 Lawton Road  
Lynnwood, WA 98036

Re: Medical Benefits for Bernard Shepard and Austin Shepard

Dear Ms. Gundersen:

This letter is to notify you of the overpayment of medical and dental premiums made by the Benefit Trust for your former spouse, Bernard Shepard and former stepson, Austin Shepard. On June 9, 2001 you submitted an enrollment/change form adding Bernard and Austin due to your marriage on June 1, 2001.

You forwarded an enrollment/change form that was received in human resources/benefits on March 30, 2004 requesting a mid-year family status change stating that the above dependents were no longer eligible for medical coverage. Benefits staff requested a copy of your decree of dissolution of marriage in order to process the change. A copy of your decree was received April 5, 2004 which shows your divorce as final on August 19, 2003.

Please refer to page 16 of the PPO Plan document, Dependent Eligibility which states one of the criteria for dependent eligibility is an "employee's legally married spouse". Termination of dependent coverage as stated on page 20 is the "last day of the month for which contributions have been made when the individual ceases to meet the eligibility requirements of the Plan". Therefore working under the payroll deadlines for August, benefits for Bernard and Austin would have ended September 30, 2003 with notification from you.

From October 2003 through April 2004, deductions were made from your pay and the Benefit Trust made medical contributions as well for Bernard and Austin. Enclosed is a breakdown of what you paid for family rate vs. employee rate for the above months. Also is a breakdown of COBRA rates for the same months. Since medical and dental coverage was in effect from October through April, you are responsible for \$4,088.44 which is the difference between employee/family rate and COBRA.

The Benefit Trust realizes that the amount of the underpayment is a large sum of money and is willing to set up a payment plan. Typically, a payment plan is set up so that the funds owed are collected during the District's fiscal year (September through August). Bev Rogers, Payroll Manager suggests that repayment be made by a monthly payroll deduction of \$511.05 for eight months. You will also continue to pay for your current

medical coverage at employee rate. Please contact Bev by June 10, 2004 at 425.385.4169 for assistance.

We appreciate your cooperation in repayment of the funds owed the Benefit Trust. You may also contact Benefits at 425.385.4116.

Sincerely,

Jeffrey S. Riddle  
Chair, Board of Trustees  
Everett School Employee Benefit Trust.

cc: Bev Rogers/Payroll Manager  
File

## Breakdown of Family Rate vs. Employee Only Rate

Family rate deductions from paycheck for October, November, December 2003	384.91/month =	1154.73
Family rate deductions from paycheck for January, February, March, April 2004	440.19/month =	1760.76
<b><i>Total family rate</i></b>		<b><i>\$2915.49</i></b>
Employee only rate for October, November, December 2003	112.97/month =	338.91
Employee only rate for January, February, March, April 2004	128.73/month =	514.92
<b><i>Total employee rate</i></b>		<b><i>\$ 853.83</i></b>
<b>Difference</b> (credit to employee)		<b>\$2061.66</b>

## COBRA Rates for October 2003 – April 2004 (Amount that should have been paid for dependents)

Ex-Spouse and Child – <u>Medical and WDS</u> for October, November, December 2003	827.42/month =	2482.26
Ex-Spouse and Child – <u>Medical and WDS</u> for January, February, March, April 2004	916.96/month =	3667.84
<b><i>Total COBRA rate - Medical and WDS</i></b>		<b><i>\$6150.10</i></b> <b><i>(\$2061.66)</i></b>
<b>TOTAL AMOUNT DUE ESEBT</b> (COBRA rate minus credit to employee )		<b><u>\$4088.44</u></b>