

MEMORANDUM OF AGREEMENT
 BETWEEN
 THE CITY OF CHELSEA
 AND
 CHELSEA PUBLIC EMPLOYEE COMMITTEE
 PURSUANT TO M.G.L. c. 32B, §19

WHEREAS, the CITY of CHELSEA, including the CHELSEA Public Schools ("CITY"), currently provides health insurance benefits to its subscribers pursuant to an agreement with the Public Employee Committee ("PEC"). For purposes of this Agreement, the term "subscribers" shall mean all employees, retirees, surviving spouses and dependents, currently eligible for and receiving health insurance through the CITY and any employees, retirees, surviving spouses and dependents who become eligible in the future; and

WHEREAS, the CITY, through its CITY Manager, and the Public Employee Committee ("PEC") previously entered into a three year agreement pursuant to M.G.L. c. 32B, §19 for the period 2012-2015 and then a one year agreement for the period 2015-2016; and

WHEREAS, the CITY and the PEC wish to enter into a new Agreement for a term of three years;

NOW THEREFORE, the CITY and the PEC agree that the terms and conditions of the July 2016 through June 2019 Agreement ("Agreement") shall be as follows

Purpose of Agreement

1. The purpose of this Agreement is to enter into a new PEC Agreement effective July 1, 2016 to June 30, 2019 and to provide health insurance benefits to the City's subscribers which will be administered by Harvard Pilgrim Health Care ("Agreement").

Plan Design

2. The City and PEC agree that Non-Medicare plans provided by Harvard Pilgrim Health Care will have the following copayments effective July 1, 2016 (no change from July 1, 2015).

HPHC PPO [In-Network Benefits]

Service	Copayment
Primary Care Physician Office Visit	\$20
Specialist Office Visit	\$35
Emergency Room Visit	\$150
Outpatient High-Tech Imaging (MRI, PET, CT Scans)	\$50
Inpatient Hospitalization	\$300
Retail (30-day) Prescription Drug	Tier 1 \$10 Tier 2 \$15 Tier 3 \$25
Mail Order (90-day) Prescription Drug	Tier 1 \$15 Tier 2 \$25 Tier 3 \$75

HPHC HMO

Service	Copayment
Primary Care Physician Office Visit	\$20
Specialist Office Visit	\$35
Emergency Room Visit	\$150
Outpatient High Tech Imaging (MRI, PET, CT Scans)	\$50
Inpatient Hospitalization	\$300
Retail (30-day) Prescription Drug	Tier 1 \$10 Tier 2 \$15 Tier 3 \$25
Mail Order (90-day) Prescription Drug	Tier 1 \$15 Tier 2 \$25 Tier 3 \$75

The City and PEC agree that Non-Medicare plans provided by Harvard Pilgrim Health Care will have the following copayments effective July 1, 2018.

HPHC PPO [In-Network Benefits]

Service	Copayment
Primary Care Physician Office Visit	\$20
Specialist Office Visit	\$35
Emergency Room Visit	\$150
Outpatient High-Tech Imaging (MRI, PET, CT Scans)	\$50
Inpatient Hospitalization	\$300
Retail (30-day) Prescription Drug	Tier 1 \$10 Tier 2 \$25 Tier 3 \$45
Mail Order (90-day) Prescription Drug	Tier 1 \$20 Tier 2 \$40 Tier 3 \$90

HPHC HMO

Service	Copayment
Primary Care Physician Office Visit	\$20
Specialist Office Visit	\$35
Emergency Room Visit	\$150
Outpatient High Tech Imaging (MRI, PET, CT Scans)	\$50
Inpatient Hospitalization	\$300
Retail (30-day) Prescription Drug	Tier 1 \$10 Tier 2 \$25 Tier 3 \$45
Mail Order (90-day) Prescription Drug	Tier 1 \$20 Tier 2 \$40 Tier 3 \$90

The City and the PEC agree to the following copayments for the Medicare supplement plan for the duration of this agreement. Effective January 1, 2017, the medical benefits will be offered through HPHC, and the prescription benefits will be offered via a Medicare Prescription Drug Plan (PDP) through Aetna.

HPHC MEDICARE ENHANCE WITH PDP RX PLAN

Service	Copayment
Physician Office Visit	\$15
Emergency Room Visit	\$50
Retail (30-day) Prescription Drug	Tier 1 \$10 Tier 2 \$20 Tier 3 \$35
Mail Order (90-day) Prescription Drug	Tier 1 \$20 Tier 2 \$40 Tier 3 \$105

Contribution Rates

3. For the duration of this Agreement, contribution rates for all subscribers shall be described below:

A. All subscribers who retired on or before 5/1/2012 and who are enrolled in CITY plans as of 5/1/2012 shall be as follows:

Harvard Pilgrim PPO	75% City /25% Subscriber
Harvard Pilgrim HMO	82.5 City /17.5% Subscriber
Harvard Pilgrim Medicare Enhance (Including former BCBSMA Medex subscribers)	75% City /25% Subscriber
Harvard Pilgrim Medicare Enhance Subscriber (Formerly enrolled on BCBSMA Managed Blue for seniors as of February 7, 2012)	82.5 City /17.5%

B. All Active Employee subscribers not retired after May 1, 2012 shall be as follows:

Harvard Pilgrim PPO	70% City /30% Subscriber
Harvard Pilgrim HMO	80% City /20% Subscriber

C. Premium contributions for all Medicare subscribers retiring after May 1, 2012 shall be as follows:

For those retired after May 1, 2012 but before July 1, 2013;

Harvard Pilgrim Medicare Enhance 75% City /25% Subscriber

For those retires on/after July 1, 2013 but before July 1, 2014;

Harvard Pilgrim Medicare Enhance 72.5% City / 27.5% Subscriber

For those retired on/after July 1, 2014;

Harvard Pilgrim Medicare Enhance 70% City /30% Subscriber

Health Reimbursement Arrangement Fund

4. The Parties agrees that the City will continue to maintain the Health Reimbursement Arrangement Fund ("HRAF") by providing funding not to exceed \$25,000 for each year of this Agreement for the purpose of reimbursing subscribers for any Inpatient Hospitalization, Emergency Room, and High Tech Imaging copayments incurred throughout the duration of this agreement. Unused funds from the yearly HRAF shall be reverted back to the CITY no later than September 30 of each year in order to provide subscribers a reasonable amount of time to submit for reimbursement.

Renewal Protection Clause

5. The CITY and PEC agree to the following provisions designed to consider and negotiate plan design changes in the event the City's Non-Medicare health plans are issued at a high renewal rate by Harvard Pilgrim Health Care (HPHC) for the July 1, 2018 renewal. It is agreed that to be considered "high," the total percentage renewal must exceed 8.5% using the following calculation.

The City shall compare the fully-insured (premium) renewal quote for the HPHC Family HMO from July 1, 2017 to July 1, 2018 after factoring in the July 1, 2018 agreed upon Rx copayment adjustments. If the total percentage renewal exceeds 8.5%, the CITY shall reconvene the PEC to negotiate changes to plan design to reduce the renewal percentage to below the 8.5% threshold.

Self-Insured Trust Fund

6. Effective July 1, 2016, the City will establish a Self-Insured Trust Fund ("Fund") in accordance with M.G.L. c32B for the purposes of self-insuring the City's health insurance plans. It is agreed that the City shall use the fully-insured premium rates as set by HPHC as temporary "working rates" until the Fund has achieved a Five Million ("\$5,000,000") balance. Once the Fund has reached \$5,000,000, the City agrees to set working rates that are less than the quoted premium rates.

Bargaining for a Successor Agreement

7. The Parties agree that the CITY Manager, or his designee, and the PEC shall commence negotiations for a successor agreement no later than October 1, 2018. The CITY and PEC agree to consider options including entertaining bids from commercial insurance carriers and reviewing entry into the GIC for the City's health coverage. Negotiations shall include, but not be limited to, premium contributions, continuation of the HRAF, the impact of out-of-pocket costs to subscribers, whether or not to remain under M.G.L. 32B, Section 19 and consideration of other statutory options under Chapter 32B. The Parties acknowledge that after good faith negotiations, if a successor agreement is not agreed upon then the neither party is waiving any and all options, including the right to take advantage of other provisions provided in Chapter 32B.

Future Meetings of the CITY and PEC

8. The PEC shall be composed of a union representative from each collective bargaining unit and a retiree representative designated by the Retired State, County and Municipal Employees Association which negotiates with the City and/or the School Department. Each union representative and the retiree representative shall have the option of allowing one additional representative to attend meetings of the PEC and the Manager or his designee.
9. The parties shall meet quarterly discuss the implementation of this Agreement and any issues relating to the effectiveness and efficiency of health coverage for subscribers. Meetings will be held at times and places which are mutually agreed upon by the City and the PEC and notices will be provided to the City and to the PEC in writing. Any employee who is a representative on the PEC shall receive time off to attend meetings of the Committee with the City with full pay and benefits.

Agreement Supersedes Collective Bargaining Agreements

10. The Parties agree that any and all provisions of the collective bargaining agreements for the City and Chelsea Public Schools relative to health insurance benefits shall be superseded by this Agreement.

Authorization to Sign Agreement

11. Each signatory to this 2016 – 2019 Agreement is authorized to bind the entity he/she represents. The PEC represents that it has the authorization and approval of a majority of the weighted votes of the PEC and that this Agreement is binding on all subscribers and their representatives.

Severability Clause

12. If any provision or portion of this Agreement is found to be unenforceable or unlawful, the remaining provisions or portions shall remain binding upon the Parties.

Modification

13. This Agreement may be modified only by written amendment signed by duly authorized representatives of each party.

The CITY of Chelsea and its CITY Manager