

**Dated: September 16, 2019**

**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, a one year agreement for the period 2015-2016; and a three year agreement for the period 2016-2019; and

**WHEREAS**, the CITY and the PEC wish to enter into a new Agreement for a term of six (6) years.

**NOW THEREFORE**, the CITY and the PEC agree that the terms and conditions of the July 1, 2019 – June 30, 2025 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, 2019 to June 30, 2025 and to provide health insurance benefits to the City's subscribers, currently administered by Harvard Pilgrim Health Care ("Agreement").

**Current Plan Design**

2. The City and PEC agree that the current Non-Medicare plan design is as follows:

**HPHC PPO [In-Network Benefits]**

<b>Service</b>	<b>Copayment</b>
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**

<b>Service</b>	<b>Copayment</b>
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 MEDICARE ENHANCE WITH PDP RX PLAN**

<b>Service</b>	<b>Copayment</b>
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. Active Plans:

All active employees as well as retirees who were not retired as of 5/1/12:

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

All retired employees who retired on or before 5/1/12 and who were enrolled in the City plans as of 5/1/12:

Harvard Pilgrim PPO	75% City /25% Subscriber
Harvard Pilgrim HMO	82.5 City /17.5% Subscriber

B. Medicare Plans:

All retirees on Medicare plans shall be as follows:

Retired on or before 5/1/2012 and who are enrolled in CITY plans as of 5/1/2012:

Harvard Pilgrim Medicare Enhance	75% City /25% Subscriber
Harvard Pilgrim Medicare Enhance (Formerly enrolled on BCBSMA Managed Blue for Seniors as of February 7, 2012)	82.5 City /17.5% Subscriber

Retired on/after May 1, 2012 but before July 1, 2013:

Harvard Pilgrim Medicare Enhance	75% City /25% Subscriber
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Retired on/after July 1, 2013 but before July 1, 2014:

Harvard Pilgrim Medicare Enhance	72.5% City /27.5% Subscriber
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Retired on/after July 1, 2014:

Harvard Pilgrim Medicare Enhance	70% City /30% Subscriber
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### **Premium Holidays**

4. (a) Fiscal Year 2021. During the course of Fiscal Year 2021, in the month of December, there shall be a two week Premium Holiday for both employees and the employers. Neither side shall pay Health Insurance costs during that two week period. The Trust Fund shall cover all health insurance costs during this two week period.

(b) Fiscal Year 2022. During the course of Fiscal Year 2022, in the month of December, there shall be a two week Premium Holiday for both employees and the employers. Neither side shall pay Health Insurance costs during that two week period. The Trust Fund shall cover all health insurance costs during this two week period.

(c) Fiscal Year 2023. If before the start of Fiscal Year 2023, there is more than a \$6 million surplus in the Trust Fund, there shall be a four (4) week Premium Holiday for both employees and the employers in the month of December. Neither side shall pay Health Insurance costs during that four week period. The Trust Fund shall cover all health insurance costs during this four week period. The determination as to whether a \$6 million surplus in the Trust Fund exists before the start of Fiscal Year 2023 shall be made no later than March 1, 2022 based upon the City's Certified Annual Financial Report as of June 30, 2021. If that CAFR is not available by March 1, 2022, the determination shall be made based upon the most recent audited financial statement of the Trust Fund.

### **Deductibles**

5. (a) Fiscal Year 2022. Commencing on July 1, 2021, the Plan Design for the City's Non-Medicare plans, currently the HPHC PPO Plan and the HPHC HMO Plan, shall include a new deductible for prescription drug costs of \$100 individual/\$200 family.

(b) Fiscal Year 2023. Commencing on July 1, 2022, the Plan Design for the City's Non-Medicare plans, currently the HPHC PPO Plan and the HPHC HMO Plan, shall include a new deductible for medical services of \$250 individual/\$500 family.

### **Contingent Plan Design Change for Prescription Drug Costs**

6. (a) *The Contingent Plan Design Change.* In Fiscal Year 2025, commencing on July 1, 2024, the new Prescription Drug Costs for all plans, both non-Medicare and Medicare Plans, shall be increased as follows:

Retail: \$10/\$30/\$65  
Mail: \$25/\$75/\$165.

(b) *The Contingency.* The Plan Design changes for Prescription Drug Costs set forth above shall **not** take effect if there are total savings to the City, as of June 30, 2024, of at least

\$500,000 from the Medicare change proposed in Section 7 below. The determination as to whether such savings to the City are at least \$500,000 by June 30, 2024 shall be made by identifying all employees currently on Non-Medicare plans because they do not qualify for Medicare. For such employees who are successfully moved to Medicare under the provisions of Section 7 below, the parties shall compare the cost the City would have paid for health insurance for those employees if they remained on Non-Medicare plans with the cost the City actually paid for those employees on the Medicare supplement plan, less any penalty paid by the City for the transition of such employees to Medicare. If the differential is \$500,000 or more, these Plan Design Changes for Prescription Drug Costs shall not be implemented in Fiscal Year 2025.

(c) *Timeframe for Determining Contingency.* This determination of “Savings” shall be completed by March 1, 2024. The parties shall estimate the savings for the period March 1, 2024 – June 30, 2024 in order to determine whether the required savings of at least \$500,000 by June 30, 2024 has been met.

### **Moving Employees to Medicare**

7. The City agrees to work expeditiously, and in good faith, with Harvard Pilgrim Health Care to transition age-eligible employees currently on our Non-Medicare Plans to Medicare and to the Medicare Supplement Plan. This transition shall occur, if allowed by Medicare, and notwithstanding any penalty imposed by Medicare, provided that, in the fiscal year of transition, the cost to the City in making this transition is exceeded by the savings that will accrue to the City from this transition, taking into account any penalty required to be paid by City. If the savings to the City in the fiscal year of transition do **not** exceed the cost of this transition due to the penalties imposed, then this transition shall **not** occur.

### **Reimbursement Fund for Retirees Moving to Medicare**

8. The Parties agree that, commencing in Fiscal Year 2021, the City will maintain a Reimbursement Fund (the “Fund”) in the amount of \$50,000 for each fiscal year of this Agreement. The Fund shall be utilized for the sole purpose of reimbursing only the following: 1. those employees retired as of July 1, 2020 who, pursuant to Section 7 of this Agreement, were transitioned from a Non-Medicare Plan to the Medicare Supplement Plan; **and** 2. as a result of such transition, paid higher premiums. The reimbursement shall be limited to the difference between their total premium costs, including the **standard** Medicare Part B premium, and the premiums they would otherwise have paid if no transition had occurred. For purposes of determining “savings” to the City in Section 6 and Section 7 above, this annual \$50,000 fund shall be considered an off-setting cost to the City. In the event that, in any fiscal year, the aggregate reimbursable costs exceed \$50,000, then members will be reimbursed on a pro rata basis.

### **Setting of Rates**

9. The City shall set health insurance rates for each fiscal year no later than the previous March 1. The City agrees that, each year, it shall request from Harvard Pilgrim Health Care a “premium rate” in addition to other rates provided by Harvard Pilgrim. The City agrees that it shall use rates that are less than the quoted “premium rate” whenever the Trust Fund has a surplus in excess of Five Million Dollars (“\$5,000,000”). In determining whether the Trust Fund has a surplus in excess of Five Million Dollars (“\$5,000,000”) for purposes of this paragraph, the parties shall rely upon the Certified Annual Financial Report of the City as of the close of the previous fiscal year.

### **Bargaining for a Successor Agreement**

10. The Parties agree that the CITY Manager, or his designee, and the PEC shall commence negotiations for a successor agreement no later than December 1, 2024.

### **Future Meetings of the CITY and PEC**

11. (a) 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.

(b) 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.

### **Release of Claims and Termination of Litigation**

12. The parties agree to release each other from any and all claims arising out of the previous creation, implementation and operation of the Trust Fund. The parties further agree to release each other from, and dismiss, all claims regarding conduct pertaining to the previous PEC Agreement, including but not limited to the setting of rates under the previous PEC Agreement and the negotiations involved in this successor PEC Agreement, including but not limited to claims by the City against any individual unions for work stoppages related to the negotiations and claims by the PEC or any union against the City for failure to bargain in good faith on a successor Agreement. The parties shall dismiss all claims pertaining to this PEC Agreement currently pending before the Department of Labor Relations

**Agreement Supersedes Collective Bargaining Agreements**

13. 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**

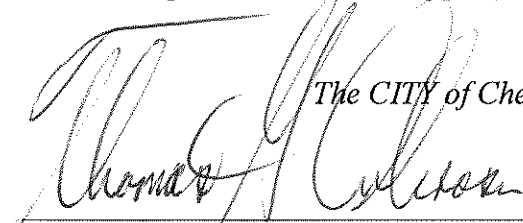
14. Each signatory to this July 1, 2019 – June 30, 2025 Agreement is authorized to bind the entity he/she represents. The PEC represents that it has the authorization and approval of a majority of the weighted votes of the PEC and that this Agreement is binding on all subscribers and their representatives.

**Severability Clause**

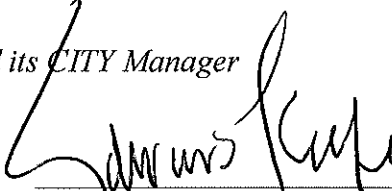
15. If any provision or portion of this Agreement is found to be unenforceable or unlawful, the remaining provisions or portions shall remain binding upon the Parties.

**Modification**

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


  
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Thomas Ambrosino, City Manager

*The CITY of Chelsea and its CITY Manager*

  
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Edward Keefe, Deputy City Manager

*The CITY of Chelsea and its Public Employee Committee*

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Chelsea Police Patrol Officers Association  
Association – NEPBA LOCAL 93

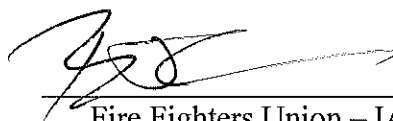
  
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Chelsea Police Superior Officers  
NEPBA LOCAL 98

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Steelworkers USW 9427

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Teamsters Local 25 – 911 Dispatchers

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Teamsters Local 25 – Dept. of Public Works



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Fire Fighters Union – IAFF Local 937

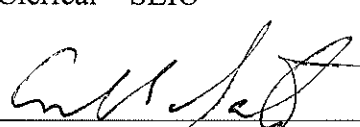
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City Clerical – SEIU



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Chelsea Teachers Union Local 1340 AFTMA



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AFSCME Local 708  
School Custodial, School Cafeteria,  
School Security and Chelsea Public Library



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Chelsea Administrators Association

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Retirees