

## MEMORANDUM OF AGREEMENT

WHEREAS, the Board of Aldermen of the City of Somerville voted on May 27, 2010 to accept M.G.L. c. 32B, §19 (Section 19) for the purpose of transferring the City's health insurance subscribers to the Commonwealth of Massachusetts Group Insurance Commission, (GIC); and,

WHEREAS, the City of Somerville (City) and the duly-formed Public Employee Committee (PEC) have negotiated for such transfer;

NOW, THEREFORE, the City and the PEC agree as follows:

### 1. **Effective Date and Duration of Agreement**

The Agreement shall take effect on the date the City and the PEC execute the Agreement and shall remain in effect through June 30, 2018.

### 2. **Transfer of Health Coverage to the GIC**

The City will transfer subscribers to the GIC as soon as possible after the execution of this Agreement and will continue coverage through the GIC through June 30, 2018. 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.

The City will provide notice to the GIC of the City's transferring subscribers to the GIC by sending a copy of this Agreement to the GIC as soon as possible after the City and the PEC execute the Agreement, and in no event later than October 1, 2011.

The City will take all reasonable and necessary actions required by the GIC to effectuate the transfer no later than January 1, 2012 and to maintain coverage thereafter for the duration of this Agreement.

### 3. **Contribution Splits**

#### Indemnity Plans

For the duration of this Agreement, the City will contribute the following percents of the premium or cost for any indemnity plans currently offered by the GIC or added during the life of this Agreement, and the subscriber shall contribute the following percents:

Handwritten signatures and initials at the bottom right of the page, including a large signature that appears to be 'Joe', and other initials such as 'LV' and 'MLC'.

Effective upon transfer to the GIC (January 1, 2012) through June 30, 2018 the City shall contribute 75% and the subscriber shall contribute 25%.

#### HMO Plans and PPO Plans

For the duration of this Agreement, the City will contribute the following percents of the premium or cost for any health maintenance (HMO) plans or preferred provider (PPO) plans currently offered by the GIC or added during the life of this Agreement, and the subscriber shall contribute the following percents:

Effective upon transfer to the GIC (January 1, 2012) through June 30, 2013 the City shall contribute 85% and the subscriber shall contribute 15%;

Effective July 1, 2013 through June 30, 2015 the City shall contribute 82.5% and the subscriber shall contribute 17.5%; and,

Effective July 1, 2015 through June 30, 2018 the City shall contribute 80% and the subscriber shall contribute 20%.

#### **4. Medicare Enrollment**

Subscribers who are eligible or who become eligible for Medicare shall transfer to Medicare coverage. The City shall pay any Medicare Part B premium penalty assessed by the federal government.

#### **5. Hiatus Period**

##### Premium Payments by Employer During Hiatus Period

New employees are eligible to enroll in the GIC within 10 calendar days of the first date of employment. GIC benefits begin on the first day of the month following sixty (60) days or two (2) full calendar months of employment, whichever is less. This period between the date of employment and the effective date of coverage is hereinafter referred to as the "Hiatus Period."<sup>1</sup> The City is not required to contribute any premium during the hiatus period.

##### GIC Retroactive Effective Date of Coverage for Uncovered Medical Expenses

If a subscriber incurs uncovered medical expense(s) during the Hiatus Period that, in sum, exceeds the full-cost of the health insurance premium of the GIC plan in which the subscriber enrolled, the subscriber may file a written request to the GIC for approval of health coverage to become effective on the first day of employment. Upon approval by the GIC, coverage shall take effect as of the first day of employment. In this event, the employee shall sign a payroll deduction form that authorizes the City to deduct one hundred percent (100%) of the premium cost for the health insurance plan in which the

<sup>1</sup> In the event that the GIC changes the terms of the "Hiatus Period", then the new terms shall apply.

subscriber is enrolled. The payroll deductions shall be made in equal installments over a period of time that is mutually agreed upon by the City and the subscriber except that, in no case, shall the payroll deduction period extend into a new fiscal year. Once this payroll authorization form is executed and submitted to the City, the City shall submit the full-cost health insurance premium of retroactive coverage approved by the GIC in a timely manner.

**6. Flexible Spending Accounts**

Effective January 1, 2012, the City shall retain a third party administrator to administer Section 125 Flexible Spending Accounts as follows:

Dependent Care Account (DECAP)  
Medical Care Account (MEDCAP)

The City shall pay the one-time set up costs to implement the program. The City shall pay any administrative fees for subscribers who opt into the program. The program shall include a voluntary debit card system. Dependent Care Account subscribers may set aside funds up to the maximum amount permitted by the Internal Revenue Code each calendar year. Medical Care Account subscribers may set aside funds up to a maximum of Two Thousand Five Hundred (\$2,500.00) Dollars per calendar year.

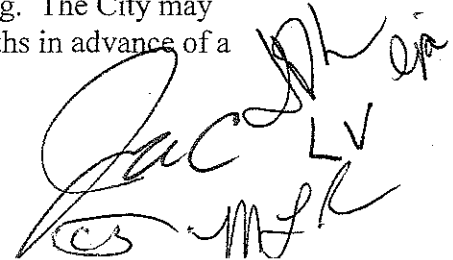
**7. Dental / Life / Vision Insurance**

After subscribers are transferred to the GIC, the City shall provide life insurance and dental insurance benefits of the same or better terms as were provided to group insurance participants prior to transfer to the GIC and, in the event that the City is contributing any percent to the cost of said life insurance or dental insurance benefits, said contributions shall continue.

**8. Future Meetings of City and PEC**

The PEC shall be composed of a union representative from each collective bargaining unit which negotiates with the City and a retiree representative designated by the Retired State, County and Municipal Employees Association. Each union representative and the retiree representative shall have the option of allowing one additional representative to attend meetings of the PEC and the Mayor and/or his designee(s).

The parties shall establish a regular schedule of meetings to discuss the implementation of this Agreement and any issues relating to the effectiveness and efficiency of health coverage for subscribers. Such meetings shall take place quarterly, unless agreed otherwise. Meetings will be held at times and places which are mutually agreed upon by the City and the PEC. In addition, either party may convene a meeting upon seven days' notice to the other party, unless there is an emergency that requires shorter notice. Meeting notices will be provided to the City and to the PEC in writing. The City may provide notice of a meeting or a series of meetings up to twelve months in advance of a



meeting. 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.

**9. Correspondence and Information**

The City shall make available to the PEC copies of any correspondence between the City and the GIC or between the City and any provider of health care.

**10. Health Coverage After June 30, 2018**

This transfer of subscribers to the GIC will terminate on June 30, 2018 unless, pursuant to a successor agreement executed by the parties, notice is provided to the GIC no later than October 1, 2017 that the City will continue to provide health coverage for subscribers through the GIC effective July 1, 2018.

The Mayor or his designee and the PEC will begin negotiations for a successor agreement pursuant to Section 19 no later than January 4, 2017. In accordance with the notification requirements of the GIC, the City will notify the GIC no later than October 1, 2017, or in accordance with the then existing notification requirements either that subscribers will continue coverage through the GIC effective July 1, 2018 at the interval specified in the Agreement, or that the City is withdrawing its subscribers effective July 1, 2018.

**11. Effect of Agreement**

This Agreement shall be binding on all subscribers and shall supersede any conflicting provisions of any City policies or any collective bargaining agreements between the City and any unions representing City employees.

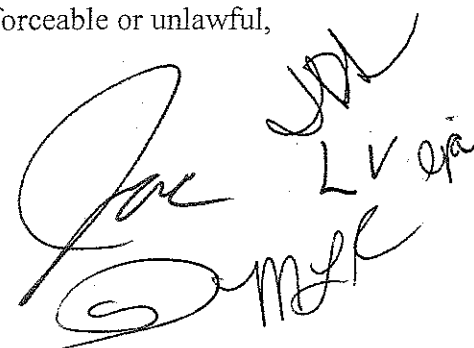
The City's acceptance of Section 19 is conditioned on transferring its subscribers to the GIC. In the event the City ceases to provide health insurance through the GIC, the City and the PEC agree to maintain Section 19 to bargain health insurance coverage.

**12. Cancellation**

In the event the City is delinquent in making payments as required by the GIC and the GIC notifies the City that it intends to exercise its option to cancel coverage pursuant to Section 19, the City will immediately notify the PEC, present it a proposal for plans which are at least the actuarial equivalent of those offered by the GIC, and engage in negotiations with the PEC for replacement coverage.

**13. Savings Clause**

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

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14. Scope & Modification

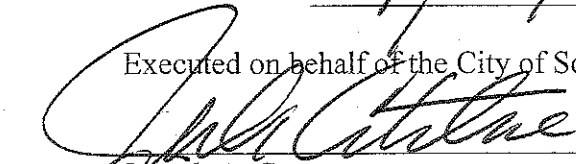
This Agreement shall constitute the whole of the Agreement between the City and the PEC. The Agreement may be modified only by a writing signed by the City and the PEC.

15. Authorization to Sign Agreement

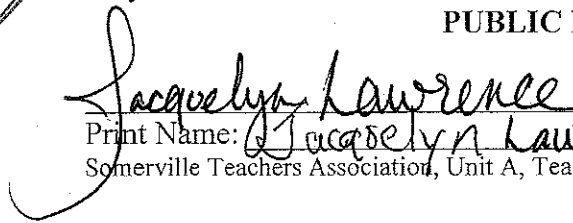
Each signatory to this Agreement is authorized to bind the entity he/she represents. The PEC represents that it has the authorization and approval of a majority of the weighted votes of the PEC and that this Agreement is binding on all subscribers and their representatives.

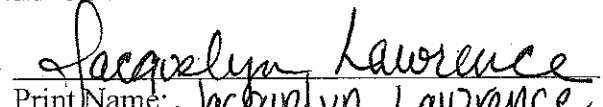
Dated: 9/26/11

Executed on behalf of the City of Somerville:

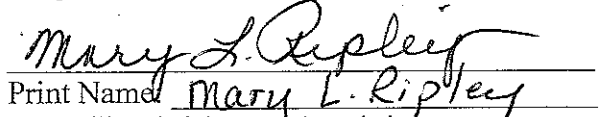
  
Joseph A. Curtatone  
Mayor


PUBLIC EMPLOYEE COMMITTEE

  
Print Name: Jacquelyn Lawrence  
Somerville Teachers Association, Unit A, Teachers

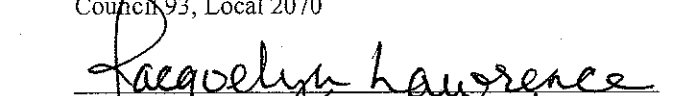
  
Print Name: Jacquelyn Lawrence  
Somerville Teachers Association, Instructional Paraprofessionals Unit

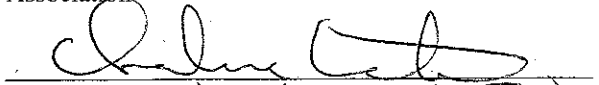
Print Name: \_\_\_\_\_  
Local 1596, UAW Community Schools Program

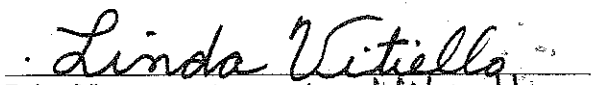
  
Print Name: Mary L. Ripley  
Somerville Administrators Association

  
Print Name: Leah J. Arredondo  
Somerville Clerical Employees Union, AFSCME, Council 93, Local 2070

Print Name: \_\_\_\_\_  
Local 1596, UAW, SCALE Program Administrators Association

  
Print Name: Jacquelyn Lawrence  
Somerville Teachers Association, SCALE Employees Unit

  
Print Name: Charlene Caton  
Somerville Cafeteria Employees, AFSCME Council 93, Local 274

  
Print Name: Linda Vitiello  
Retired State, County, and Municipal Employees Association of Massachusetts

Print Name: \_\_\_\_\_  
SEIU Local 888

Print Name: \_\_\_\_\_  
Somerville Municipal Employees Association, Unit A

Print Name: \_\_\_\_\_  
Somerville Municipal Employees Association, Unit B

Print Name: \_\_\_\_\_  
Somerville Municipal Employees Association, Unit D

Print Name: \_\_\_\_\_  
Somerville Police Employees Association

Print Name: \_\_\_\_\_  
Somerville Police Superior Officers Association

Print Name: \_\_\_\_\_  
NCFO – Firemen and Oilers, Local 3

Print Name: \_\_\_\_\_  
Somerville Fire Fighters, Local 76

Print Name: \_\_\_\_\_  
Somerville Fire Fighters, Local 76, Suppression and Fire Alarm Units