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## Memorandum of Understanding

The purpose of this Memorandum of Understanding between the Joint Labor Committee and the City of Tacoma (the "City") is to memorialize an agreement to amend and extend the Collective Bargaining Agreement (the "Agreement") for one additional year.

Now, therefore, the parties agree as follows:

1. The following changes will be made to the medical coverage plans offered to employees effective January 1, 2013:

- a. Comply with all federal Affordable Care Act mandates.
- b. The Regence Select Preferred Provider Organization (PPO Select) plan will be terminated December 31, 2012, and will not be offered in calendar year 2013.
- c. The Group Health plans will be revised as follows:

Change the in-network prescription drug plan co pay:

- \* from five dollars (\$5) generic to ten dollars (\$10) generic
- \* from five dollars (\$5) formulary (brand) to twenty dollars (\$20) formulary (brand)
- \* from five dollars (\$5) non-formulary to forty dollars (\$40) non-formulary

Change the out-of-network prescription drug plan co pay:

- \* From 80%/20% generic to fifteen dollars (\$15) generic
- \* From 80%/20% formulary (brand) to twenty-five (\$25) formulary (brand)
- \* From 80%/20% non-formulary to forty-five (\$45) non-formulary

Change the in and out-of-network plans:

- \* Primary outpatient office visit co pay from five dollars (\$5) to ten dollars (\$10)
- \* Specialist outpatient office visit from five dollars (\$5) to twenty dollars (\$20)
- \* Add vision exam and hardware for Group Health members – VSP no longer offered for Group Health members

2. VSP – Add Costco network to the vision service plan.

3. Washington Dental – Add the Preferred Provider Organization (PPO) network to the current incentive plan with: no deductible in the PPO network, and a \$50/\$150 deductible in the premier network or non-member dentist.

4. The City will maintain its Section 125 flexible benefit plan (with the Internal Revenue Service (IRS) rule change to Flexible Spending Account amount from \$5,000 max to \$2,500 max for healthcare; no change for childcare reimbursement) but will discontinue its monthly contribution of \$30 per employee (regardless of whether that amount is currently

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being paid toward the employee's flexible benefit allowance or toward the employee's premium contributions), effective December 31, 2012.

In recognition of terminating this contribution each employee / member of Tacoma Joint Labor will receive a taxable one time payment of \$360 payable in the month of January 2013.

5. Employees will make the following monthly contributions toward the costs of health insurance:

- a. Employees covering only themselves will contribute \$40 per month.
- b. Employees covering spouses, domestic partners, and/or dependents will contribute \$80 per month.

6. The parties will establish a Joint Labor Management Health Care Committee to accomplish the following:

- a. Provide input on the broker's development of a Request for Proposal for benefit providers to bid on providing insurance plans to the City. It is anticipated that the RFP will be issued by the end of March 2013.
- b. Review the City's Health and Welfare Benefits philosophy and provide feedback to the Council.
- c. Develop a Tacoma Joint Labor Health and Welfare Benefits philosophy to be shared with the Council.
- d. Review and evaluate current and anticipated Health Care Trust Fund reserves.

7. Participate in the implementation of a citywide Wellness Committee.

8. The parties will set dates beginning no later than February 2013 to begin bargaining over changes to the City's health care plans and funding, as well as other changes to the Agreement, which will take effect January 1, 2014, or as otherwise agreed.

Signed and dated this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

City of Tacoma

Joint Labor Committee  
(All Union Members signatures)

Joy A. Germain  
By \_\_\_\_\_  
Title \_\_\_\_\_

[Signature] TA  
By \_\_\_\_\_  
Title \_\_\_\_\_

November 14, 2012

NOVEMBER 14, 2012