Attachment C

APPENDIX C

MEMORANDUM OF AGREEMENT

16069

Regarding

Health Benefits

For Represented Benefits-Eligible Employees within the

Wastewater Treatment and Transit Divisions

By and Between King County and

Technical Employees Association

Whereas, the parties have bargained in good faith regarding health insurance benefits for 2006, the parties hereby agree as follows:

1. The health care plans in effect for 2005 will be offered for 2006. Specifically, there will be three medical plans – the KingCare Basic, the KingCare Preferred and the Group Health plans that will be offered to all benefit-eligible employees under the terms set forth in this Agreement.

   During the bargaining for successor agreements covering all four TEA-represented bargaining units, the County will offer these same or substantially similar plans as well as the opportunity to participate in the wellness assessment and individual action plan portion of the Healthy Incentives^{SM} Program. As soon as practicable after a ratified contract or an interest arbitration award, employees will be placed on the new benefit plans at the level earned in 2006 as set forth in Paragraph 17. Pending placement into the appropriate level, employees will remain on a substantially similar plan to the health plans currently in effect.

2. Effective February 18, 2006, benefit-eligible employees will begin participating in the Healthy Incentives^{SM} Program to determine their out-of-pocket expense levels for 2007 as provided in Paragraph 17 of this Agreement. Effective January 1, 2007, benefit eligible employees will participate in the program to determine their out-of-pocket expense levels for 2008. In 2008, benefit-eligible employees will participate in the program to determine their out-of-pocket expense levels for 2009.

3. The Healthy Incentives^{SM} Program, effective January 1, 2007 through December 31, 2009, will have the following components:

   - There will be two benefit plans: KingCare (a preferred provider option) and Group Health (a health maintenance organization). For each benefit plan, there will be three levels of out-of-pocket expenses: a low (gold level), medium (silver) and higher (bronze).

   - The out-of-pocket expenses associated with each of the three levels for the two plans are set forth in Attachment A to this Agreement.

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- Effective January 1, 2007, the copay for emergency room services shall increase to $100/visit (waived if admitted) on both the KingCare and Group Health plans. This copay increase shall apply to each out-of-pocket expense level in each of the two plans.

- In addition to the out-of-pocket expenses, the plans will have a benefit access fee of $35 per month. This fee shall apply only to benefit-eligible employees covering a spouse or domestic partner on the County's plans when that spouse/domestic partner has access to medical coverage through his/her employer. This fee shall not apply to employees whose spouse/domestic partner is also a King County employee. The fee will be assessed through regular payroll deduction in two equal parts ($17.50) in the first two pay periods of each month. To the extent allowable by law, the fee will be deducted pre-tax.

4. Definition of Completion for Earning Gold Out-of-Pocket Expense Level

The following defines what is completion for the purposes of earning the gold out-of-pocket expense level. The timetable for completion for the purposes of earning the gold out-of-pocket expense level for 2007 is set forth in Paragraph 17.

a) <u>Current Employees</u>

Benefit-eligible employees on the payroll as of January 1 of each calendar year are required to complete the wellness assessment and participate in an individual follow-up program.

Benefit-eligible employees who take the wellness assessment by January 31 *and* complete an individual action plan by June 30 will be eligible for the gold out-of-pocket level. If an employee covers a spouse/domestic partner on the medical plan, the spouse/domestic partner must also take the wellness assessment by January 31 and complete an individual action plan by June 30. For purposes of this Agreement, an employee will be considered to have completed their individual action plan and in turn qualify for the gold out-of-pocket expense level by taking the specific actions associated with their risk profile outlined below.

Based on the data provided in the wellness assessment, Harris HealthTrends, Inc. will assign employees and spouses/domestic partners who take the wellness assessment one of three risk profiles: low, moderate, or high. Completion requirements to attain the gold out-of-pocket expense level are as follows:

- **Low Risk Profile Participants**: Fill out an online or paper log of activities for eight (8) weeks and return the completed log to Harris HealthTrends. Participation must commence no later than March 15 and the log must be returned to Harris HealthTrends no later than June 30.

- **Moderate Risk Profile Participants**: Accept at least three (3) coaching telephone calls from a health coach at Harris HealthTrends for a period of at least ninety (90) days. The 90-day time period begins with the first coaching call. The 90-day period will be extended as needed until the participant participates in three coaching calls. Participation must be commenced no later than March 15 and the three (3) coaching calls over a period of at least 90 days must be completed no later than June 30. Moderate risk profile members will be eligible and encouraged to receive an additional three months of coaching at no expense.

- **High Risk Profile Participants**: Accept at least three (3) coaching telephone calls from a health coach at Harris HealthTrends for a period of at least ninety (90) days. Participation must be commenced no later than March 15th and the three (3) coaching calls over a period of at least 90 days must be completed no later than June 30th. High-risk profile members will be eligible and encouraged to receive an additional nine months of coaching at no expense.

No other personalized actions are required of participants other than those identified above.

b) <u>New Hires</u>

Employees hired or who become benefits-eligible after January 1 of each calendar year earn the gold out-of-pocket expense level by completing the wellness assessment within fourteen (14) days of attending New Employee Orientation. Their spouse/domestic partner must also complete the wellness assessment within fourteen (14) days of the employee's attendance at New Employee Orientation for the covered family members to receive the gold out-of-pocket expense level.

c) <u>Effect of Adding/Dropping a Spouse/Domestic Partner after January 1 of each year</u>

- **Adding**: If an employee adds a spouse/domestic partner after January 1 of any calendar year, the spouse/domestic partner will automatically receive benefits at the employee's earned out-of-pocket expense level for the remainder of that benefit year.

- **Dropping**: If an employee drops a spouse/domestic partner after January 1 of any calendar year, the employee will remain at the out-of-pocket expense level both employee and spouse/domestic partner had earned for the remainder of the benefits year.

d) <u>Return from Unpaid Leave of Absence</u>

An employee who returns to work from an unpaid leave of absence in excess of thirty days and who has exhausted his/her FMLA and KC FMLA leave entitlement will be treated as a new hire (and covered under the rules set forth in paragraph 2(b) above) when the employee returns to active status.

e) <u>Opt Out of Medical Returning to Medical Insurance Coverage</u>

Employees who are returning to County medical plans after having opted out of medical insurance will be placed in the out-of-pocket expense level that they earned for that benefit year. If they are covering themselves and their spouse/domestic partner, they will be placed at the out-of-pocket expense level that both the employee and the spouse/domestic partner earned for that year.

f) **COBRA/Retirees**

Any employee who purchases the plan as a retiree or a participant who purchases the plan under COBRA will be eligible for the same out-of-pocket expense level as they had earned while in active employment.

5. Criteria for Earning Silver Out-of-Pocket Expense Level

Employees who take the wellness assessment by June 30 but who do not complete an individual action plan will be eligible for the silver out-of-pocket expense level. If an employee covers a spouse/domestic partner on the medical plan, the spouse/domestic partner must also take the wellness assessment by June 30 for both to be eligible for the silver out-of-pocket expense level.

6. Criteria for Earning Bronze Out-of-Pocket Expense Level

Employees who do not take the wellness assessment by June 30 will be eligible for the bronze out-of-pocket expense level. If an employee covers a spouse/domestic partner on the medical plan and the spouse/domestic partner does not take the wellness assessment by June 30, both the employee and the spouse/domestic partner will be eligible only for the bronze out of pocket expenses level.

7. Appeals

At the end of July, Harris HealthTrends will provide reports determining the completion of the wellness assessments and individual action plans by employees and their spouses/domestic partners. Employees who disagree with the reports may appeal that determination directly with Harris HealthTrends during the month of August. Employees may also request a review and present any supporting documentation to the King County Benefits and Retirement Operations Section (BROS) of the Finance and Business Operations Division of the Department of Executive Services. Either the Union or BROS may bring an issue requiring resolution to a Labor Management Insurance Committee that the County and TEA will form to review and determine if further action, including referral to a different forum, is appropriate.

8. Wellness Assessment & Personalized Follow-up Programs

Completion of the wellness assessment and personalized follow-up program shall be done on employees' own (*i.e.*, non-work) time; non-work time includes employees break and lunch periods as well as before and after work. Employees may use County-issued equipment such as computers and phones to complete their wellness assessment and follow-up programs.

9. The parties acknowledge that improvements and innovations in the health care delivery system may occur during the term of this Agreement that will improve the plan design and support the program goals, which are to improve the health of employees and their families and to decrease the increased costs of health insurance between 2007-2009 by one-third. The parties agree that new features may be added during the term of this Agreement to improve the plan design and to support the program's goals. The parties further agree that, upon mutual agreement, the plan may be modified to take advantage of improvements and innovations consistent with the program goals. In addition, the County will develop methods of monitoring the program's progress in meeting its overall goals. If the program is not having the desired effects, the parties agree to explore and implement effective plan design changes to improve the program's success.

10. Confidentiality of Information

Employees may be required to complete the release set forth in Attachment B to this Agreement to allow for the development of an employee's individual action plan. All individual health information collected in any of the health care programs outlined herein will be held by a vendor external to the County in accordance with strict adherence to the Health Insurance Portability and Accountability Act (HIPAA) guidelines, regardless of whether the vendor(s) are covered entities under HIPAA. For purposes of this Agreement, the individually identifiable information from the Wellness Assessment and individual action plans will be considered protected under HIPAA. Employees do not have to answer every question on the wellness assessment. However, they are encouraged to answer as many questions as possible so Harris HealthTrends can provide an appropriate individual action plan.

11. Dental & Vision Insurance Benefits

The parties agree to extend the current plan designs without changes in coverage during the term of this Agreement. The County retains the right to change plan administrators, based upon competitive bidding procedures.

12. Retirees

The parties agree that for the duration of this Agreement retirees will continue to have available, under the same conditions that exist presently, the same plans as offered to active employees. The County will explore possible participation by retirees in some or all aspects of the Healthy Incentives℠ Program.

13. VEBA

Effective January 1, 2007, bargaining units may opt into participation in the Voluntary Employee Beneficiary Association (VEBA), which is a tax-exempt trust authorized by Internal Revenue Code Section 501(c)(9). The County's understanding is that if a bargaining unit opts to participate in the VEBA, all employees in positions covered by the bargaining unit must participate. If the Internal Revenue Service code allows for individual choice, such right to choice shall be included as part of the VEBA plan offered.

If a retiring employee is in a bargaining unit that has opted to participate in the VEBA plan, the County will transfer funds equal to that participating employee's cash-out of eligible, compensable sick leave tax-free to a VEBA trust account on that employee's behalf at his/her retirement. These funds will be transferred to the VEBA trust account in lieu of the regular cash-out to the employee, not in addition to the regular cash-out, subsequent to any individual choice set forth above.

The parties agree to reopen this Agreement in the event the Internal Revenue Service alters its VEBA plan rules.

14. Total Agreement

This Memorandum of Agreement comprises the entire Agreement of the parties with respect to the matters covered herein, and no agreement, statement or promise made by any party that is not included within this memorandum shall be binding or valid. This Agreement may be modified or amended only by a written amendment executed by all parties hereto. The parties agree that this is part of overall bargaining on successor agreements. TEA does not agree by this Agreement to be placed on the benefit plans until and unless there is an agreement or an award to that effect. However, TEA does agree to the contours of the plans and the eligibility requirements set forth herein. This Agreement may not be used as evidence at any interest arbitration that TEA has accepted placement on the plan.

15. Severability

The provisions of this Agreement are intended to be severable. If any term or provision of this Agreement is deemed illegal or invalid for any reason, such illegality shall not affect the validity of the remainder of this Agreement.

16. Term of this Agreement

This Agreement shall be in effective from January 1, 2006 through December 31, 2009.

17. **Timeline for completion for the purposes of earning the gold level of out-of-pocket expenses for 2007**

Effective February 18, 2006, employees may begin completing the wellness assessment. If an employee and covered spouse/domestic partner have completed the wellness assessment by March 6, 2006 on line (or by February 24 if by paper) and complete their individual action plans (plans as described in Paragraph 4 above) by July 31, 2006, the employee will be eligible for the gold level of out-of-pocket expenses.

Employees and their covered spouses/domestic partners have until July 31, 2006 to complete the wellness assessment to be eligible for the silver level of out-of-pocket expenses.

For Technical Employees Association:

~~Eric Mandel~~ Roger Browne
President

10/26/06
Date

For King County:

Nancy Buonanno Grennan
Manager, Labor Relations
Human Resources Division
Department of Executive Services

12/4/06
Date