

MEMORANDUM OF AGREEMENT
Regarding Insured Benefits
January 1, 2019 through December 31, 2020
For Represented Benefits-Eligible Employees
By and Between
King County
And

Joint Labor Management Insurance Committee of Unions

Subject: Joint Labor Management Insurance Committee Benefits Agreement

WHEREAS, certain designated representatives of King County (“County”) and the Joint Labor Management Insurance Committee of Unions (“Unions”) signatory to this Memorandum of Agreement (“Agreement”), referred to hereafter as the “Parties,” have agreed to participate in negotiations as members of the Joint Labor Management Insurance Committee (“JLMIC”) for the purpose of negotiating the plan provisions and funding of the County’s fully insured and self-insured medical, dental, vision, disability, accidental death and dismemberment, and life insurance programs (“insured benefits”); and

WHEREAS, the County and the Unions have agreed to a format for negotiating plan provisions and funding to meet the anticipated cost increases associated with providing insured benefits to represented, benefits-eligible employees; and

WHEREAS, the JLMIC agrees that for the term of this Agreement, insured benefits will include a wellness program, a Health Maintenance Organization Plan (“HMO”), a Preferred Provider Organization Plan (“PPO”) and an Accountable Health Network Plan (“AHN”); and

WHEREAS, the JLMIC agrees to explore options that incent benefits-eligible employees to choose healthcare that is more effective and produces better health outcomes;

NOW THEREFORE, having bargained in good faith, the JLMIC hereby agrees to the following:

1. **Scope of Agreement.** This Agreement shall be offered by the County to all employees represented by the unions signatory to the 2017-2018 JLMIC Health Benefits Memorandum of Agreement. In addition, this Agreement shall apply to any non-represented employees identified by the County to be treated in the same way as the represented employees covered by this Agreement. This Agreement shall not be offered to any employees represented by the Amalgamated Transit Union, Local 587, the King County Police Officers’ Guild, the Puget Sound Police Managers Association, and the Technical Employees’ Association representing employees in Transit. All employees to which this Agreement applies shall be referred to as “JLMIC-Eligible Employees.”
2. **Continuation and Administration of JLMIC Protected Fund Reserve.** The balance of the 2018 JLMIC Protected Fund Reserve (“PFR”) shall be carried over to this Agreement and the PFR shall continue to be maintained solely for the purpose of funding, providing and maintaining insured benefits, and providing a reserve fund to self-insure against unanticipated increases in the cost of those insured benefits, for JLMIC-Eligible Employees. It is expressly agreed that no funds from the PFR shall at any time be used for any other purpose except for benefits outlined in this Agreement. It is further agreed that the County and organizations handling PFR funds have a responsibility to ensure that PFR funds are being used solely on behalf of JLMIC-Eligible Employees.

3. County Funding Rate.

- A. Commencing on January 1, 2019, the County shall maintain the same funding rate contributed in 2018 (i.e., \$1,524 per month) on behalf of each JLMIC-Eligible Employee.
- B. Commencing on January 1, 2020, the County shall maintain the same funding rate contributed in 2018 (i.e., \$1,524 per month) on behalf of each JLMIC-Eligible Employee.

4. Insufficient County Funding. To the extent that the County's funding rate identified in Paragraph 3 and other yearly non-funding rate revenue (e.g., interest earnings, participant benefit access fees, and other plan participant contributions such as COBRA payments), attributed proportionally to JLMIC-Eligible Employees, is at any time inadequate to fully fund the cost of providing insured benefits for JLMIC-Eligible Employees, the Parties agree that the PFR will be used to fund the difference until such time as the PFR is exhausted.

5. Excess County Funding. To the extent that the County's funding identified in Paragraph 3, and other yearly non-funding rate revenue, attributed proportionally to JLMIC-Eligible Employees, provides greater funding than is necessary to fully fund the cost of insured benefits for JLMIC-Eligible Employees, the Parties agree that the excess shall be added to the PFR.

6. Modification to Health and Welfare Plan Provisions. The JLMIC is hereby empowered to negotiate and implement modifications to insured benefits for JLMIC-Eligible Employees during the term of this Agreement. The JLMIC will negotiate any changes to plan provisions and/or supplemental premium funding methodology to be effective on January 1 of the following calendar year.

7. Health and Welfare Plan Provisions. Insured benefits provisions for JLMIC-Eligible Employees during the term of this Agreement shall be as described in Attachment A, including but not limited to maintaining the 2019-2020 JLMIC-Eligible Employees' out-of-pocket costs for the HMO, PPO and ACN plans, unless otherwise modified by the Parties or modified pursuant to the terms of this Agreement. The Parties hereby agree that modifications will be by written agreement subject to ratification, as necessary.

8. Health Reimbursement Arrangement (HRA) Voluntary Employees Beneficiary Association (VEBA). The County will continue to offer HRA VEBA benefits to JLMIC-Eligible Employees as described in Attachment B.

9. Supplemental Medical Plan(s). During the term of this Agreement, the Parties may add a supplemental plan(s) option(s) beyond the HMO, PPO and ACN plans for the 2019-2020 benefits years.

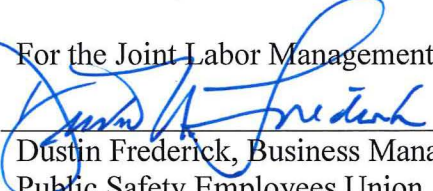
10. Scope and Purpose of the Annual Reconciliation Meeting. The JLMIC will convene a reconciliation meeting no later than April 15th of each calendar year to review the insured benefits expenditures for the prior year, projected expenditures for the current and future year(s), plan provisions, and any other information or factors that the JLMIC deems relevant.

11. Dispute Resolution. If at any time during the term of this Agreement, the PFR is projected to fall below fifteen million dollars (\$15,000,000), the JLMIC must consider plan changes

and may consider other funding options to be implemented by the following January 1. If the JLMIC is unable to reach agreement on such modifications by June 1st of any calendar year, the matter will be submitted to a panel of three (3) subject matter experts ("Panel") for final and binding resolution, whose decision must be issued no later than August 15 of the same calendar year. The Panel shall be comprised of one expert selected by the County, one (1) expert selected by the Unions, and one (1) expert selected jointly by the two (2) selected partisan experts. The Parties agree to cooperate to present relevant information to the Panel in sufficient time for the Panel to issue a decision by August 15th. The Panel shall be empowered to make plan design changes and/or add employee premium share and/or County contribution increases. The costs of the Panel shall be paid out of the PFR.

- 12. **Subsequent Agreement.** The Parties agree to commence negotiations for a successor insured benefits agreement (to be effective starting January 1, 2021) no later than January of 2020.
- 13. **Total Agreement.** This Agreement constitutes the entire agreement with respect to the matters covered herein, and no other agreement, statement or promise made by any party which is not included herein shall be binding or valid. This Agreement may be modified or amended only by a written agreement.
- 14. **Term.** This Agreement shall be in effect following adoption of an ordinance by the King County Council, from January 1, 2019 through December 31, 2020.


For the Joint Labor Management Insurance Committee of Unions:



 Dustin Frederick, Business Manager
 Public Safety Employees Union
 Co-Chair, Joint Labor Management Insurance Committee

10/18/18
Date

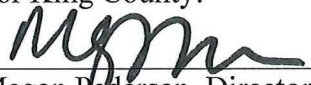
For the Joint Labor Management Insurance Committee of Unions:



 Denise Cobden, Union Representative
 Professional and Technical Employees, Local 17
 Co-Chair, Joint Labor Management Insurance Committee

10/18/18
Date


For King County:



 Megan Pedersen, Director
 Office of Labor Relations, King County Executive Office
 Co-Chair, Joint Labor Management Insurance Committee

10.18.18
Date

For King County:



 Robert Railton, Labor Relations Manager
 Office of Labor Relations, King County Executive Office
 Co-Chair, Joint Labor Management Insurance Committee

10/18/18
Date

ATTACHMENT A

JLMIC Plan Design for 2019-2020

	Kaiser Permanente*	KingCare SM Select		KingCare SM PPO*	
		In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible (Single/family)	\$0	\$200/\$600**	\$500/\$1,500	\$300/\$900	
Out-of-pocket maximum (Deductible + copay) Single/Family	\$1,000/\$2,000	\$1,100/\$2,400	\$2,500/\$5,500	\$1,100/\$2,500	\$1,900/\$4,100
Office Visit Copay/Coinsurance	\$20 copay	\$20 (no deductible)	40%	15%	35%
In-patient Hospital Copay/Coinsurance	\$200 copay	10%	40%	15%	35%
Emergency Room	\$100 copay (\$100 for out-of-network)	\$200 copay, 10% coinsurance		\$200 copay, 15% coinsurance	
Retail Prescription Drug (Mail 2x Copay)	Copays apply to out-of-pocket maximum	Out of pocket limit on Rx drugs: \$1,500/\$3,000		Out of pocket limit on Rx drugs: \$1,500/\$3,000	
Generic	\$10 copay	\$5 copay		\$7 copay	
Brand Formulary	\$20 copay	\$25 copay		\$30 copay	
Non-Formulary	\$30 copay	\$75 copay		\$60 copay	
2019 Deductible Waiver	\$0	\$200 lower deductible		\$0	
Benefit Access Fee	\$0	\$0		\$100***	

* There is only Gold level plans in 2019. The Bronze and Silver level plans have been eliminated.

** The AHN in-network deductible for 2019 is \$0/\$400.

*** The Benefit Access Fees are paid on a pre-tax basis.

ATTACHMENT B
MEMORANDUM OF AGREEMENT
Regarding HRA VEBA
January 1, 2019 through December 31, 2020
For Represented Benefits-Eligible Employees
By and Between
King County
And
Joint Labor Management Insurance Committee of Unions

Whereas, the parties have negotiated employees' participation in the Health Reimbursement Arrangement (HRA) Voluntary Employees Beneficiary Association (VEBA) Medical Reimbursement Plan for Public Employees in the Northwest since 2007; and

Whereas, the parties seek to clarify, update and make consistent the HRA VEBA options and elections process available to King County employees; and

Whereas, the parties have negotiated in good faith; now

Therefore, the parties hereby agree to the following HRA VEBA-related provisions:

1. The County adopted the HRA VEBA Plan in 2007. The HRA VEBA Plan is a tax-exempt trust authorized by Internal Revenue Code Section 501(c)(9). Under the IRS code requirements, if a VEBA bargaining unit opts to participate in the HRA VEBA Plan, all eligible employees in positions covered by the bargaining unit must participate. The specific VEBA funding options put in place via the agreed upon King County VEBA elections process will remain in effect for that bargaining unit, unless specific action is taken through this same process to amend or terminate it. Prior to having access to HRA VEBA contributions, the employee must complete and submit an HRA VEBA enrollment packet to Benefits, Payroll and Retirement Operations (BPROS).

The following options are currently available to participating bargaining units:

a. Sick Leave Cash Out at Retirement VEBA Option: If a retiring employee is in a VEBA bargaining unit that has opted to participate in the HRA VEBA Plan and has elected this option, 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 HRA VEBA account in lieu of the regular cash out to the employee, not in addition to the regular cash out. The funds will be available to the member to pay for eligible health care-related expenses after retirement. De minimis amounts under \$200 will not be subject to the HRA VEBA provisions and will be paid out directly to the employee and subject to appropriate supplemental taxes.

b. Vacation Cash Out at Retirement Option: If a retiring employee is in a bargaining unit that has opted to participate in HRA VEBA and has elected this option, the County will transfer funds equal to fifty (50) percent of that participating employee's cash out of eligible vacation leave tax-free to an HRA VEBA trust account on that employee's behalf at his/her retirement. These funds will be transferred to the HRA VEBA account in lieu of the regular cash out to the employee, not in addition to the regular cash out. The funds in the HRA VEBA Plan will be available to the member to pay for eligible health care-related expenses after retirement. De minimis amounts under \$200 will not be subject to the HRA VEBA provisions and will be paid out directly to the employee and subject to appropriate supplemental taxes.

The parties understand that the VEBA options and elections process must comply with applicable law, and options available or conditions placed on specific options may change from time to time as necessary to comply with legal and systems requirements. Should the County need to change options or process due to legal requirements or systems changes, it will so notify unions and discuss such changes in the Joint Labor Management Insurance Committee (JLMIC).

Unions opting to conduct a VEBA election must report election results for each bargaining unit to King County BPROS using the King County standardized form found on the BPROS Website. If there are discrepancies in the parties' understandings of the makeup of the individual bargaining units, the parties will meet to discuss and resolve the issue.

Unions may conduct VEBA elections once per year, if they so choose. Election results must be received by King County BPROS by the last Friday in June each year, for implementation the following year. Bargaining Units that are participating in the HRA VEBA Plan and wish to terminate, or who wish to change their options, may do so via the above referenced election process and agreed upon reporting process. Union representatives must notify the King County BPROS no later than the last Friday in June of 2019 and 2020, using the County's standardized VEBA elections report form, of the VEBA Program Option election results for each County identified bargaining unit.

Bargaining units that are not currently participating in the HRA VEBA Plan may elect to participate in the HRA VEBA Plan effective January 1, 2020, by following the VEBA election and reporting process outlined in this Memorandum of Agreement.

2. Irrevocability. Contributions to HRA VEBA are irrevocable and will be available to provide payment for health care-related expenses incurred by the participating employee, his/her spouse, and eligible dependents until exhausted, as provided for by the terms of the HRA VEBA Plan and regardless of any subsequent changes to future contributions elected by the bargaining unit.

3. The parties agree that a standardized VEBA elections process is in their best interests and that they consequently may meet from time to time in JLMIC to discuss changes that may contribute to the efficiency of this process.

4. Total Agreement. This Agreement is the complete and final agreement on the subject of VEBA elections (in addition to any applicable collective bargaining agreement provisions) between the parties, and may be modified or amended only by a written amendment executed by all parties hereto.

5. 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 or invalidity shall not affect the validity of the remainder of this Agreement.

6. Term. This Agreement shall be effective January 1, 2019, through December 31, 2020, consistent with the duration of the JLMIC Benefits Agreement, and any successor to this Memorandum of Agreement is intended to track with future JLMIC Benefits Agreements.