

**MEMORANDUM OF AGREEMENT
BY AND BETWEEN
KING COUNTY
AND
KING COUNTY CORRECTIONS GUILD**

Subject: Joint Labor Management Insurance Committee (JLMIC) Insured Benefits Agreements for 2017-2018 and 2019-2020

This Memorandum of Agreement is entered into by and between King County (County) and the King County Corrections Guild (Guild).

I. RECITALS

A. The County and the Guild (Parties) are in the process of bargaining a collective bargaining agreement (CBA) that is the successor to the Parties' 2013-2016 CBA.

B. Article 11: MEDICAL, DENTAL AND LIFE INSURANCE PROGRAMS of the 2013-2016 CBA provides:

Section 1. King County presently participates in group medical, dental, and life insurance programs. The County agrees to maintain the level of benefits in these plans during the term of this Agreement, provided that the Guild and the County agree to incorporate changes to employee insurance benefits which the County may implement as a result of the agreement of the Joint Labor Management Insurance Committee.

Section 2. Medical coverage for retired employees. The County will provide employees who retire an option of purchasing medical coverage if and to the extent that retiree medical coverage is offered through an agreement of the Joint Labor Management Insurance Committee or the King County Code.

C. The Joint Labor Management Insurance Committee (JLMIC) has bargained insured benefits agreements for the benefit years of 2017-2018. The JLMIC made changes to the 2013-2016 employee insurance benefits for the 2017-2018 benefits agreement which includes eliminating subsidized medical coverage for early retirees, changed the definition of domestic partner that qualifies for insurance coverage, added a third medical plan option, and increased the emergency room copay. Since the 2013-2016 CBA had expired, the County maintained the dynamic status quo for insured benefits whereby the Guild was covered under the 2017-2018 JLMIC insured benefits agreements, including the plan changes identified herein. In addition, by agreement of the Parties, subsidized medical coverage for early retirees was extended through 2017.

D. The JLMIC recently bargained insured benefits for the 2019-2020 benefits years. The benefits agreement continued the 2018 plan designs for the 2019-2020 benefits years and made additional changes to reinstate the subsidized medical coverage for early retirees, increase the

hardware allowance under the vision plan, reduce the waiting period for long-term disability and add an optional, voluntary short-term disability plan paid by employees.

E. With the addition of the voluntary short-term disability plan option beginning in 2019, the Parties recognized that Article 7, Section K would prohibit employees from fully enjoying this new benefit since the terms of the benefit plan conflicts with the terms of the CBA, i.e., requiring an employee to exhaust their sick leave before taking an unpaid leave of absence.

II. AGREEMENT

In consideration of the above, NOW THEREFORE, the parties agree to the following:

1. The Guild accepts all the terms and conditions of the 2017-2018 JLMIC insured benefits agreement and agrees to sign the attached document to become a signatory thereof.

2. The Guild agrees to the 2019-2020 JLMIC insured benefits agreement and agrees to be a signatory thereto.

3. The Guild agrees to continue the current contract provision for Article 11, provided under Recital B herein, into the successor to the 2013-2016 CBA.

4. The Parties agree to modify Article 7, Section K and include it in the Parties' successor CBA as follows:

An employee shall not be required to ~~must~~ use all of his or her accrued sick leave and any donated leave before taking unpaid leave for his or her own health reasons before utilizing short-term disability benefits.

5. This Agreement shall be in effect, following its execution, through December 31, 2020.

For the King County Corrections Guild:

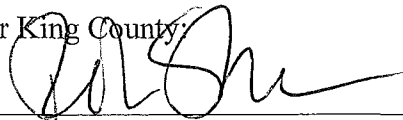


David Richardson
President

NOV 9, '18

Date

For King County:



Robert S. Railton
Labor Relations Manager
Office of Labor Relations

11/9/18

Date

MEMORANDUM OF AGREEMENT
Regarding Insured Benefits
January 1, 2017 through December 31, 2018
For Represented Benefits-Eligible Employees
By and Between King County
And
The Joint Labor Management Insurance Committee Unions

WHEREAS, certain designated representatives of King County (“County”) and the Unions signatory to this Memorandum of Agreement (“Agreement”) have agreed to participate in negotiations as members of the Joint Labor Management Insurance Committee (“JLMIC”) for the purposes 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 signatory hereto have agreed to a format for funding and negotiating plan provisions to meet the anticipated cost increases associated with providing insured benefits to represented, benefits-eligible employees; and

WHEREAS, it is the policy objective of the County that a sustainable compensation package be achieved by reducing the year-over-year growth rate of the county’s overall employee compensation budget to align with the county’s population-adjusted inflation rate; and

WHEREAS, the total compensation budget includes, but is not limited to, adopted expenditures for all wages, leaves, retirement contributions, and insured benefits for active employees; and

WHEREAS, the County provides total compensation in a manner that is sustainable and enables it to recruit and retain quality employees; and

WHEREAS, the County and the Unions agree that for the term of this Agreement, insured benefits will include a wellness program, a Health Maintenance Organization Plan (“HMO”), and a Preferred Provider Organization Plan (“PPO”); and

WHEREAS, the JLMIC agrees to explore options that incent benefits-eligible employees to choose health care 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 apply to all county employees represented by the Unions signatory hereto (“the Parties”), with the exception of employees represented by the Amalgamated Transit Union, Local 587, and the King County Police Officers’ Guild. In addition, this Agreement shall apply to any non-represented County employees identified by Council to be treated in the same way as the represented employees covered by this Agreement. All employees to which this Agreement applies shall be referred to as “JLMIC-Eligible Employees.”
2. **Continuation of JLMIC Protected Fund Reserve.** The balance of the 2016 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 to 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. 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. **2017.** Commencing on January 1, 2017, the County shall maintain the same funding rate contributed in 2016 (i.e., \$1,465 per month) on behalf of each JLMIC-Eligible Employee.
 - B. **2018.** Commencing on January 1, 2018, the County shall contribute four percent (4%) more than was contributed in the prior year (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, are 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, provide 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. **Health and Welfare Plan Provisions.** Insured benefits provisions for JLMIC-Eligible Employees during the term of this Agreement shall be as described in Attachments A and B, including but not limited to maintaining the 2016 JLMIC-Eligible Employees' out-of-pocket costs for the PPO Plan and HMO Plan, unless otherwise modified by the Parties or modified pursuant to the terms of this Agreement. The parties hereby agree to make the following modifications:
 - a. Effective January 1, 2018, the definition of domestic partner shall be conformed to match State law;
 - b. Effective January 1, 2017, the JLMIC will no longer subsidize the cost of medical benefits for those eligible for early retirement; provided that, if the Affordable Care Act is repealed or substantially modified, the parties agree to reopen negotiations to address this Section 6(b).
7. **Modification to Plan Provisions and Administration of Protected Fund Reserve.** 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.
8. **Supplemental Medical Plans and Healthy Incentives.** During the term of this Agreement, the JLMIC will add supplemental plan options beyond the PPO Plan and the HMO Plan for the 2018 benefit year. In addition, the JLMIC agrees to negotiate changes to the Healthy Incentives program to be effective for the 2018 benefit year; provided that, in the absence of agreement to the contrary, the County will absorb any additional cost above the status quo 2016 cost associated with those changes for the life of this Agreement.
9. **Scope and Purpose of the Annual Reconciliation Meeting.** The JLMIC will convene a "true-up meeting" no later than April 15 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.
10. **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 1 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 expert selected by the Unions signatory hereto, and one expert selected jointly by the two 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 15. 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 shared equally by the Parties.

- 11. **Subsequent Agreement.** The Parties agree to commence negotiations for a successor insured benefits agreement (to be effective starting January 1, 2019) no later than January of 2018.
- 12. **Agreement To All Provisions.** This Agreement supersedes any statutory or contractual provision in any existing contract that in any way conflicts with this Agreement.
- 13. **Voluntary Employees Beneficiary Association (VEBA).** The County will continue to offer VEBA benefits to JLMIC-Eligible Employees consistent with the program parameters outlined in the attached Memorandum of Agreement (Attachment C).
- 14. **Total Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the matters covered herein, and no other agreement, statement or promise made by any party that is not included herein shall be binding or valid. This Agreement may be modified or amended only by a written agreement.
- 15. **Term.** This Agreement shall be in effect, upon approval of the King County Council, from January 1, 2017, through December 31, 2018.

APPROVED this _____ day of _____, 2016.

By: _____
King County Executive

Attachment A

<i>Summary</i>	KingCareSM Gold	KingCareSM Silver	KingCareSM Bronze
<i>Annual Deductible</i>	\$300/person \$900/family	\$600/person \$1,800/family	\$800/person \$2,400/family
<i>Coinsurance (Medical)</i>	85% network 65% out-of-network	75% network 55% out-of-network	75% network 55% out-of-network
<i>Emergency Room Copay</i>	\$200	\$200	\$200
<i>Annual Out-of-Pocket Maximum Medical (Includes deductibles and coinsurance)</i>	Network: \$1,100/person \$2,500/family Out-of-network: \$1,900/person \$4,100/family	Network: \$1,600/person \$3,800/family Out-of-network: \$2,400/person \$5,400/family	Network: \$2,000/person \$4,800/family Out-of-network: \$2,800/person \$6,400/family
<i>Retail Prescription Drug</i>	\$7 generic drugs \$30 preferred brand \$60 non-preferred brand	\$7 generic drugs \$30 preferred brand \$60 non-preferred brand	\$7 generic drugs \$30 preferred brand \$60 non-preferred brand
<i>Annual Out-of-Pocket Maximum (Rx)</i>	\$1,500/person \$3,000/family	\$1,500/person \$3,000/family	\$1,500/person \$3,000/family
<i>Lifetime Maximum</i>	No limit	No limit	No limit
<i>BAF</i>	\$100 per month	\$100 per month	\$100 per month

Attachment B

<i>Summary</i>	Group Health Gold	Group Health Silver	Group Health Bronze
<i>Annual Deductible</i>	\$0	\$0	\$0
<i>Office visit Copay</i>	\$20	\$35	\$50
<i>Network Emergency Room Copay</i>	\$100	\$100	\$100
<i>Inpatient Hospital Copay</i>	\$200 then 100%	\$400 then 100%	\$600 then 100%
<i>Annual Out-of-Pocket Maximum</i>	\$1,000/person \$2,000/family Rx copay does not count towards annual out-of-pocket max	\$2,000/person \$4,000/family Rx copay does not count towards annual out-of-pocket max	\$3,000/person \$6,000/family Rx copay does not count towards annual out-of-pocket max
<i>Retail Prescription Drug</i>	\$10 generic drugs \$20 preferred brand \$30 non-preferred brand	\$10 generic drugs \$20 preferred brand \$30 non-preferred brand	\$10 generic drugs \$20 preferred brand \$30 non-preferred brand
<i>Lifetime maximum</i>	No limit	No limit	No limit

ATTACHMENT C
MEMORANDUM OF AGREEMENT

By and Between

King County and the Joint Labor Management Insurance Committee

Regarding

HRA VEBA

Elections and Health Benefits for 2015 and 2016

For Represented Benefits-Eligible Employees

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:

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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 following conditions (as well as any additional conditions required by law) apply to this Option:

- All benefit-eligible union members must complete HRA VEBA enrollment forms to establish HRA VEBA accounts.
- To access HRA VEBA contributions while an active employee, a union member must be covered by a qualified group health plan.
- If a union member opts out of King County's medical plan and is not covered under another qualified group health plan, he/she must continue to contribute \$50 a month but will be unable to access the funds until separation of employment.

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- If a union member subsequently opts back into a King County medical plan (and was not covered under a qualified group health plan) then:
 - HRA VEBA funds contributed during the opt-out period may only be accessed upon separation.
 - HRA VEBA funds contributed after the opt-in period may be accessed immediately for qualified expenses.

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).

A *Qualified Group Health Plan* is defined as a health plan that meets the minimum value requirements of the Affordable Care Act (ACA) law. For example, these may include plans sponsored by an employer or group of employers, coverage through a former employer and TRICARE but do not usually include Medicare, Medicaid, Veterans Administration (VA) coverage or individual plans purchased through the Health Insurance Marketplace (exchange).

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 2014 and 2015, using the County's standardized VEBA elections report form, of the VEBA Program Option election results for each County identified bargaining unit.

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Bargaining units that are not currently participating in the HRA VEBA Plan may elect to participate in the HRA VEBA Plan effective January 1, 2015, 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, 2014, through December 31, 2016, 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.