

## MEMORANDUM OF AGREEMENT

This Memorandum of Agreement ("MOA" or "Agreement") is entered into this tenth day of December 2019, by and between the City of Boston, including the Boston Public Schools ("City") and the Boston Public Employee Committee ("PEC") (collectively "the Parties"):

WHEREAS, the City is a public employer providing certain health insurance coverage to its subscribers (i.e., employees, retirees, surviving spouses, and dependents); and

WHEREAS, on or about May 4, 2011, the City, by majority vote of the City Council and approval of the Mayor, accepted M.G.L. c. 32B, §19 ("Section 19"); and

WHEREAS, the City and the PEC entered into an agreement pursuant to Section 19 that set forth the Parties' agreements with respect to health insurance benefits for the City's subscribers for the limited time period of July 1, 2015, through June 30, 2020 ("2015-2020 PEC Agreement"); and

WHEREAS, pursuant to the terms of the 2015-2020 PEC Agreement, the 2015-2020 PEC Agreement shall expire and Section 19 shall be revoked on June 30, 2020, thereby returning negotiations for health insurance to bargaining between the City and individual bargaining units pursuant to M.G.L. c. 150E; and

WHEREAS, the City and the PEC wish to remain in Section 19 bargaining and enter into a successor to their 2015-2020 PEC Agreement that will set forth and establish the Parties' agreements with respect to health insurance benefits for the City's subscribers for the limited time period of July 1, 2020, through June 30, 2025 ("2020-2025 PEC Agreement"), provided certain future events occur and future conditions are met; and

NOW, THEREFORE, the Parties agree to the following:

- 1) **RFP for Non-Medicare Plans/Benefits:** The Parties agree that the City will issue a Request for Proposal ("RFP") for non-Medicare plans that will be effective no earlier than July 1, 2021. Consistent with prior practice, the PEC will participate in issuing the RFP and reviewing and evaluating proposals to aid the City in making a recommendation to the Procurement Official. Plan design changes will meet the criteria set forth in Appendix A, which is attached hereto. The Parties acknowledge and agree that Appendix A represents changes to the health insurance plans and benefits from those currently in effect through June 30, 2020. For information regarding the health insurance plans and benefits currently in effect through June 30, 2020, refer to the 2015-2020 PEC Agreement.
- 2) **Extension of Section 19 by the City:** the Mayor shall recommend to the City Council that it agree to extend its acceptance of Section 19 that is due to expire on June 30, 2020, through June 30, 2025, which the Mayor approves.
- 3) **PEC Agreement by City and PEC:** Provided the City Council votes to extend its acceptance of Section 19 through June 30, 2025, with the Mayor's approval, the City and the PEC shall convene a meeting as soon as possible to approve the terms of this MOA as the terms of the 2020-2025 PEC Agreement pursuant to Section 19.
- 4) **Expiration of PEC Agreement and Revocation of Section 19:** The Parties agree that the 2020-2025 PEC Agreement shall constitute both a vote by the PEC to enter into a new Section 19 agreement as well as a vote by the PEC to revoke Section 19 and the 2020-2025 PEC Agreement on June 30, 2025. Therefore, Section 19 shall be deemed revoked

on June 30, 2025, and said revocation shall not require a subsequent agreement between the City and the PEC or subsequent vote by City Council and approval by the Mayor. If it is later determined that a distinct vote by the City Council and approval by the Mayor is required to revoke Section 19, then this agreement shall be deemed to be supported by the City and the PEC for such revocation.

- 5) **Section 19 Supersedes Collective Bargaining Agreements:** As with the 2015-2020 PEC Agreement, any and all provisions of any collective bargaining agreement relative to health insurance, including but not limited to health insurance plans, contribution rates, or policies between the City, the Boston School Committee and any of the bargaining units who are signatories to this MOA, shall be superseded by the 2020-2025 PEC Agreement, as it is the Parties' understanding that all health insurance matters will hereafter be subject to the provisions and procedures of Section 19 and decisions made between the City and the PEC shall determine said matters, which are therefore not a proper subject of bargaining for individual bargaining units. Notwithstanding the aforementioned, dental and vision benefits and any health insurance "opt out" clause related to an individual union shall not be part of this MOA or the 2020-2025 PEC Agreement and shall continue to be negotiated between the City and each of the collective bargaining units pursuant to M.G.L. c. 150E.
- 6) **Bargaining After Section 19 Revocation:** When Section 19 is revoked pursuant to paragraph #4, above, the PEC will be dissolved and the City shall, unless otherwise agreed to by any or all bargaining units, negotiate with each bargaining unit individually with respect to health insurance coverage. Said negotiations, and any available insurance coverage, shall be in accordance with M.G.L. c. 150E and/or any other applicable law regarding public employee health insurance.
- 7) **Health Insurance Coverage:** The Parties agree to the changes contained in Appendix A and B for all non-Medicare and Medicare plans. For benefits in effect prior to July 1, 2020, refer to the 2015-2020 PEC agreement.
- 8) **Funding:** The Parties agree to continue their commitment to self-insurance of medical plans.
- 9) **Prescription Drug Carve Out RFP:** The City and PEC agree that during the life of the 2020-2025 PEC Agreement the City may issue an RFP to carve out Prescription Drug benefits. The objective of the prescription drug carve out will be to lower costs through competitive pricing terms and not lower costs through limited formularies, pharmacy networks, or modifications to standard pharmacy benefit management practices (i.e., step therapy, quantity limits, or prior authorization). The Parties will endeavor to maintain the same formulary for both non-Medicare and Medicare plans; however, some differences may exist as necessary to comply with the Center for Medicare and Medicaid Services ("CMS") requirements for Medicare prescription drug plans, such as a PDP. Consistent with prior practice, the PEC will participate in issuing the RFP and reviewing and evaluating proposals to aid the City in making a recommendation to the Procurement Official.
- 10) **Medicare RFP:** The City and the PEC agree that during the life of the 2020-2025 PEC Agreement, the City will issue an RFP for Medicare plan design changes and consolidation consistent with the terms contained in Appendix B of this agreement. This RFP will be issued for Medicare plans that will be effective no earlier than January 1, 2022. Consistent with prior practice, the PEC will participate in issuing the RFP and reviewing and

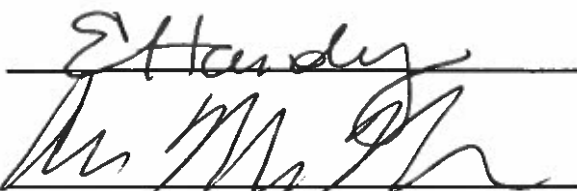
evaluating proposals to aid the City in making a recommendation to the Procurement Official.



- 11) **Reopener to Avoid Affordable Care Act Excise Tax:** If any of the plans offered by the City during the life of the 2020-2025 PEC Agreement are reasonably expected to result in the triggering of the excise tax, the Parties shall meet as soon as practicable and shall mutually agree to make acceptable changes to the then current plan design in order to avoid triggering the excise tax.
- 12) **Disease Management:** Effective July 1, 2020, the City will allocate the funds provided by the health insurance carriers to fund well-structured disease management programs through the health insurance carriers. Employee participation in these programs is voluntary and any employee's participation or lack thereof in such programs and the substance of any such participation will not be shared with the City.
- 13) **Wellness:** The City and the PEC will work together to promote the City's current wellness offerings as well as the programs offered by the health plan carriers. However, these funds will not be used to supplement any disease management related programs. Effective July 1, 2020, the City will allocate one hundred fifty thousand dollars (\$150,000.00) per year towards a well-structured wellness program. Such funds may be permitted to roll over from year to year, however, in no event may the funds exceed \$300,000 in total.
- 14) **Medicare Part B:** Throughout the duration of this agreement, the City of Boston shall continue to reimburse fifty-percent (50%) of the cost of Medicare Part B to all retirees who are enrolled in Medicare Part B, and who are enrolled in one of the City's Medicare Products. The process, procedure, eligibility and all other matters related to the Medicare Part B reimbursement shall be consistent with the City's current practice.
- 15) **Flexible Spending Account (FSA):** Throughout the duration of this agreement, the City of Boston will cover the Flexible Spending Account (FSA) monthly administrative fee for City of Boston active employee participants.
- 16) **No Severable Terms:** The terms and provisions of this Agreement are not severable. If any term(s) or provision(s) of this Agreement shall be held to be invalid or unenforceable for any reason by a court of competent jurisdiction, the validity or enforceability of the remaining terms and provisions shall be invalid and unenforceable.
- 17) **Signatories.** The signatories are authorized to bind their principals.

In witness hereof, the City of Boston and the PEC have caused this agreement to be signed on December 10, 2019.

**For the City of Boston:**

**For the Boston Public Employee Committee:**

  
\_\_\_\_\_

 12/10/19  
\_\_\_\_\_  
 12/10/19  
\_\_\_\_\_

Mr. Bill  
Kevin Leonard

John Kelly 12/10/19  
Daniel Klein

Bryan Kevin Healy

John  
Charles Kelman

John P. Kelly  
Pat Kelly

Michael Lee

Dorothy M. Kemmer

James Paul

Thomas James Allen

Mark J. Kelly

---

---



**Changes to Non-Medicare Plans**  
Effective July 1, 2020 through June 30, 2025

	Limited Network HMO Plan	Broad Network HMO Plan	PPO Plan	
<b>(I) Plan Design Changes Effective No Earlier than July 1, 2020</b>				
Co-Pay: Rx Retail		\$10/ \$30/ \$55	\$10/ \$30/ \$55	
Co-Pay: Rx Mail Order		\$20/ \$60/ \$135	\$20/ \$60/ \$135	
Co-Pay: Inpatient Hospital/ Mental Hlth	NA No Limited Network HMO Plan in place until RFP (2)	\$50 (Max 1/year)	\$50 (Max 1/year)	
Co-Pay: Outpatient Hospital Surgery		\$50 (Max 1/year)	\$50 (Max 1/year)	
Co-Pay: Advanced Imaging		\$50 (Max 1/year)	\$50 (Max 1/year)	
<b>(II) Plan Design Changes Effective No Earlier than July 1, 2021</b>				
Medical Deductible	\$0	\$100 Mem /\$200 Fam	In-Network: \$250 Mem /\$500 Fam	Out-of-Network: \$350 Mem /\$875 Fam
Co-Pay: Specialist Visit	\$30	\$35	\$35	
Co-Pay: Inpatient Hospital/ Mental Hlth	\$50 (Max 1/year)	\$100 (Max 1/year)	\$100 (Max 1/year)	
Co-Pay: Outpatient Hospital/ Surgery	\$50 (Max 1/year)	\$100 (Max 1/year)	\$100 (Max 1/year)	
Co-Pay: Advanced Imaging	\$50 (Max 1/year)	\$100 (Max 1/year)	\$100 (Max 1/year)	
<b>(III) Premium Contribution Split City/ Subscriber</b>				
Effective July 1, 2020	80.0%/ 20.0%	80.0%/ 20.0%	70.0%/ 30.0%	
Effective July 1, 2021	79.5%/ 20.5%	79.5%/ 20.5%	69.5%/ 30.5%	
Effective July 1, 2022	78.5%/ 21.5%	78.5%/ 21.5%	68.5%/ 31.5%	

(1) See Administrative Footnotes in Appendix C

(2) The Parties agree that through an RFP process, non-Medicare Plan offerings will be solicited for the following Plan designs, with effective date no earlier than July 1, 2021.

**(a) PPO Plan** - The network for this plan must include in-network and out-of-network access to providers in the United States and Territories. Members will be asked to designate a PCP to facilitate coordination of care, but failure to do so will not result in a penalty, nor will members be required to obtain a referral from a PCP in order to visit a specialist.

**(b) Broad Network HMO Plan** - The network for this plan should include access to all providers within the Carrier's general network. The network must be Massachusetts based and ideally will include providers throughout New England. The member will be required to select a PCP and obtain a referral from a PCP to see a specialist.

**(c) Limited Network HMO Plan.** The network must be Massachusetts based. The objective of this Plan is to limit the provider network to quality lower cost providers. The member will be required to select a PCP and to obtain a referral from a PCP to see a specialist.

- (3) Benefit design details for the new Limited Network Plan will follow the Broad Network HMO plan design, except as identified in the chart section (II) above, and (2)(c) above.
- (4) Max 1/year refers to the co-pay and does not limit the number of procedures received per year



## APPENDIX B

### Changes to Medicare Plans Effective July 1, 2020 through June 30, 2025

Copays Effective No Earlier than January 1, 2021	
Co-Pay: Rx Retail	\$10/ \$25/ \$45
Co-Pay: Rx Mail Order	\$20/ \$50/ \$115

Premium Contribution Split City/ Subscriber *	
Effective July 1, 2020	87.5%/ 12.5%
Effective July 1, 2021	87.0%/ 13.0%
Effective July 1, 2022	86.5%/ 13.5%
Effective July 1, 2024	85.5%/ 14.5%

(1) See Administrative Footnotes in Appendix C.

(2) This RFP will be issued for Medicare plans that will be effective no earlier than January 1, 2022. The intent of the RFP is to reduce the number of Medicare plan offerings. Final plan designs will include a nationwide/indemnity plan and other plan designs, including a Medicare Advantage plan design, which are advantageous to the City and members.

**Administrative Footnotes to Appendices A and B**

During the life of this agreement:

- (1) Retirees will continue to see premium contributions deducted from their pension check, or if applicable through direct billing, one month in advance. Employees will continue to see premium deductions on a pay as you go schedule.
- (2) Boston Public School employees not receiving paychecks during summer months will continue to pay double deductions for this period during the last two (2) months of the school year.
- (3) Employees will continue to have sixty (60) days from the date of hire to enroll in health benefits. Through a benefits administration system, employees will be able to self-enroll during the first thirty (30) days, after which they will need assistance of a Health Benefits Representative. Benefits begins on the first day of the month following hire.
- (4) Employees who are involuntarily separated, laid off and/or resign in lieu of termination, including while charges and/or an investigation is pending, who are enrolled in a City health plan at the time of separation, and have been making health insurance premium contributions to said health plan may elect to continue their health benefits coverage for one month following separation for the life of this agreement. To continue coverage, eligible employees must: a. Notify the Health Benefits Office in writing no later than 5 p.m. on the last day of the payroll cycle in which they separate by completing the required form and b. Provide payment in full for the outstanding employee premium contributions for the final month of coverage as well as any arrears owed to the Health Benefits Office, including if the final payroll cycle does not contain a full deduction. Such payment must be provided alongside the above-referenced form no later than 5 pm on the last day of the payroll cycle in which they separate.