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ARTICLE 22 - HEALTH AND WELFARE

During the life of this agreement, the City will provide employees with insurance coverage or the access to insurance coverage for employees and their families. If available, the coverage shall be reasonably equal to the existing plans in effect at the time this agreement is signed, subject to change based on recommendations by the Health Insurance Committee and ratification by Association membership.

The premiums for the medical, dental and vision coverage described in this Article shall be paid as follows: City of Bend - 90%, employee - 10%.

Section 22.1 Medical. During the life of this Agreement, the City shall provide each employee and dependents with a family medical, hospital, major medical and vision insurance plan at the current benefit level, which is a high deductible medical insurance plan (HDP) combined with a Health Reimbursement Arrangement/ Voluntary Employee Beneficiary Association (HRA/VEBA).

Insurance plan is subject to change based on recommendations by the Health Insurance Committee and ratification by Association membership.

Employees are eligible for coverage on the first of the month following their date of hire and shall become ineligible on the last day of the month in which their employment terminates, except for cases involving disability or authorized leave. Age limitations for dependents shall coincide with the current insurance agreement. Employees who choose not to email either themselves or their families within the first month of employment may email at a later date as insurance agreements allow, provided however, that each insurance carrier may declare any applicant ineligible at that time.

The City will credit \$2000 for an individual and \$4000 for a family into each employee's HRA account annually on the first day of the first month of each insurance policy year. In the event of separation of employment prior to the end of the plan year, the amounts credited into the HRA are pro-rated monthly with the plan year. Any amount remaining in an employee's HRA account 90 days after the end of a plan year will be rolled into the employee's VEBA, with the exception of subsection b of Article 22.1.

- (a) "Family" means the employee plus one or more eligible dependents, as defined in the insurance plan.
- (b) For members becoming eligible for coverage under this plan after the first month of the policy year, for the remainder of that policy year the City will credit \$2000 for an individual; and \$4000 for a family into each employee's HRA account on the date that the employee becomes eligible for coverage. There will be no contribution to the VEBA Trust during this time.

The medical plan is administered in three phases: (1) deductible, (2) co-insurance and (3) 100% coverage. The out-of-pocket (OOP) limit of eligible medical expenses, assuming use of in-network providers, is \$4,000 for an employee with individual coverage and \$6,850 for an employee with family coverage. The OOP limit includes the deductible and Employee and City co-insurance amounts.

- (1) The deductible is \$4000 for an employee with family and \$2000 for an individual employee; HRA funds may be used for deductible expenses at the discretion of the employee.
- (2) After the deductible has been satisfied, co-insurance expenses will be shared as incurred between the insurance provider, the City and the Association member as follows:
 - a) Insurance carrier - 75% up to \$8,550 for a family and \$6,000 for an individual.
 - b) City - 15.625% up to \$1,781 for a family and \$1,250 for an individual.

- c) Employee - 9.375% up to \$1,069 for a family and \$750 for an individual.
- (3) After co-insurance has been satisfied, medical expenses are covered at 100% for the remainder of the plan year.

All medical costs are based on medical expenses the insurance company covers as usual customary charges.

Cost of medical expenses incurred and employee responsibility as outlined above is based on use of an in-network provider, use of an out of network provider may result in higher costs.

The City will be using a third party administrator HRA plan and the "HRA VEBA Trust" (Spokane) plan. The plans will allow HRA/VEBA money to be used on any allowable medical expenses outlined in the IRS section 213 (d) or any other applicable IRS sections related to eligible medical expenses. The HRA plan provides a debit card(s) option for accessing the HRA, and FSA accounts.

The parties acknowledge that the plan carrier may change to a calendar year cycle. In such event, the intent of this agreement as regarding to monetary payments will be applied equitably pro-rated.

The Association group premium rates will be determined based on all City Department employees' and dependents' experience, including retired employees, and other relevant insurance industry principles. The parties will meet annually no later than June 1 to review City plan experience and to consider premium rate and plan changes.

Section 22.2 Dental

During the life of this Agreement, the City shall provide each employee with a family dental and orthodontic insurance plan at the current benefit level, subject to change based on recommendations by the Health Insurance Committee and ratification by Association membership.

Employees are eligible for dental coverage on the first of the month following their date of hire and shall become ineligible on the last day of the month in which their employment terminates, except for cases involving disability or authorized leave. Age limitations for dependents shall coincide with the current insurance agreement.

Section 22.3 Life. The City will provide each GOBEA employee with paid 24-hour life insurance protection in the amount of \$50,000 and paid personal accidental protection in the amount of \$50,000. The City will also provide each GOBEA employee with the option of purchasing life insurance to insure the life of each member of the employee's immediate family, subject to availability and requirements of City's group life insurance carrier. Employees and family members are eligible for coverage on the first of the month following their date of hire and shall become ineligible on the last day of the month in which the employee's employment terminates except for cases involving disability.

Section 22.4 Vision Insurance. The City shall provide each employee and dependents a vision insurance plan. Eligibility shall begin on the first day of the month following date of hire and shall end on the last day of the month in which employment terminates. Age limitations for dependents shall coincide with the current insurance agreement.

Section 22.5 Supplemental Voluntary Insurances. The City may provide voluntary supplemental insurance coverage to those employees wishing to subscribe at their own cost.

Section 22.6 Retired Employees. From retirement at age 55 until age 62, the member will be responsible for all costs associated with the retiree insurance plan. Under the HOP, this includes the premium,

deductible, and OOP costs. Retired members will be eligible to continue on the HOP at either the family or single option.

Employees hired after August 31, 2011 are eligible for the following:

The City will provide access to the City's health care insurance plan for retired employees hired after August 31, 2011. This coverage will be made available to the employee until the employee becomes Medicare eligible, to the spouse until the spouse becomes Medicare eligible and for a child until the child no longer meets legal eligibility guidelines. The City shall not be responsible for any costs associated with retiree health care insurance coverage including Medicare and supplement to Medicare insurance.

Employees hired prior to September 1, 2011 are eligible for the following sections (a) through (e):

The City will provide access to a medical benefits plan and payment of premiums for an employee providing:

- (a) The employee has worked for the City of Bend 15 continuous years prior to retirement.
- (b) The employee retires after their 55th birthday.
- (c) A medical benefits plan is available under current Agreement with an insurance carrier and the employee and dependents (if applicable) qualify for such a plan.
- (d) The employee and dependents (if applicable) are continuously insured under group coverage or a conversion policy acceptable to the insurance carrier prior to age 62. Employees retiring prior to age 62 shall be responsible for paying insurance premiums for themselves and their dependents (if applicable) until they qualify for City-paid insurance benefits. Employees who allow a lapse in coverage will not be eligible for future City-sponsored insurance or payment of premiums.
- (e) Upon reaching age 62, the City will pay the premium for the retiree for coverage under the City group retiree or PERS-sponsored insurance plan, if the retiree has continuously maintained City retiree or PERS group insurance since date of retirement. The City will also provide a City-funded HRA Med-B account to cover deductible expenses until the retiree reaches age 65. This account will be funded according to the enrollment coverage elected by the employee; if family coverage is elected the City will fund the amount of the family deductible, if single coverage is elected the City will fund the amount of the single deductible. Employees who are retired prior to July 1, 2020 will receive a City-funded HRA Med-B funded in the amount of the family deductible. The City will not pay the premium for any dependent coverage elected.
- (f) When the retiree reaches Medicare eligibility (age 65) the retiree will have the following options, if the retiree has continuously maintained City retiree or PERS group insurance since date of retirement:
 - a) The retiree may enroll in a PERS Medicare supplement plan. The City will advance the retiree the premium amount of the selected PERS Medicare plan. No more than once per year, the retiree will be responsible for providing the City proof of enrollment in a qualified PERS Medicare supplement plan.

- b) In lieu of the City paid PERS Medicare supplement, the retiree may elect to opt-out of the City paid PERS supplement and receive an alternate monthly cash benefit. The cash benefit shall be equal to 50% of the average of all Oregon PERS Medicare medical premiums plus the average of all Oregon PERS Medicare dental premiums, or the lowest monthly Oregon PERS Medicare medical and dental premiums combined, whichever amount is lower. The cash benefit amount will be set on an annual basis on or about January 1st of each year based on published Oregon PERS Medicare premiums for the upcoming year. However, the cash benefit amount will never decrease from the cash benefit amount on the date of the retirees election to opt-out. The retiree must elect to opt-out prior to receiving any payments under this section and the retiree's election is irrevocable. The cash payment alternative recognizes that there may be Medicare supplement or Medicare advantage plans that may be preferred by the retiree; the cash benefit provided by the alternative may be used by the retiree to payment of all or part of an alternative plan or for any other purpose in the discretion of the retiree.

Dependents may be included in City-sponsored insurance providing the dependents qualify under current policy agreements.

Regardless of the above, all retired employees and spouses are eligible for PERS insurance coverage at their own expense providing the employee is eligible for retirement benefits.

Section 22.7 Long-Term Disability Insurance. The City shall provide a long term disability benefit to insure sixty-six and two-thirds percent (66 2/3%) of the current base salary for an employee who works at least thirty (30) hours a week, if disabled due to off or on-the-job injury or illness. The disability insurance will provide salary protection when ninety (90) days have elapsed from the time of the disabling injury or illness. After ninety (90) days, disabled employees may be on leave from the City without pay but may elect to use accrued paid leave(s), unless receiving benefits as provided elsewhere. Use of accrued paid leaves will be applied in the following order: sick leave, holiday/personal leave, vacation, and compensatory time, until such time that the employee discontinues use of paid leaves or until all such leaves are exhausted.

*See bargaining note below

If an employee becomes disabled, the employee may be medically laid off after exhausting all protected leave(s), any statutory reemployment rights, and reasonable accommodations if the City does not identify any vacant and suitable positions for which the employee is qualified. If the employee is disabled because of a work-related injury or occupational disease, the employee retains all statutory reinstatement and/or reemployment rights following medical layoff. If the employee is disabled for reasons other than a work-related injury or occupational disease, the employee will have up to 12 months within which to provide medical information from their attending physician confirming the employee is capable of returning to the position they held at the time of medical layoff. If that occurs, the employee will be eligible for possible recall to the former position, subject to City procedures.

Section 22.8 Worker's Compensation Insurance. The City shall provide worker's compensation insurance during the life of this contract. Employees who sustain an on-the-job injury or illness and who are unable to perform their normal duties may be eligible for Workers Compensation subject to carrier rules.

When an injury occurs in the course of employment, the City's obligation to provide compensation under this section is limited to the difference between any disability payment or time loss payment received under Workers' Compensation laws and the employee's regular net pay. For the purposes of this Article,

"regular net pay" is the base monthly salary for the regular work schedule of the employee in the classification found in the wage schedule, including incentives, less applicable deductions such as taxes, PERS, health insurance contributions, and other mandatory deductions. Regular net pay is for regularly scheduled hours and does not include overtime hours or other on duty incentives.

For the period of up to 90 days from the date of injury, the employer will pay the difference in worker's compensation payments and regular net pay. After 90 days, the employees may elect to use paid leaves to supplement Worker's Compensation payments and pro-rated charges will be made against accrued paid leaves, in the order of sick leave, holiday/personal leave, vacation, and compensatory time until such time the employee discontinues use of paid leaves or until such leaves are exhausted.

Section 22.9 Employee Health Insurance Committee. GOBEA will appoint two members to represent GOBEA on the City of Bend Employee Health Insurance Committee. This committee will be composed of two representatives of each participating City of Bend bargaining unit, two employees representing the non-represented employee group and an equal or lesser number of City management staff members. It is the charge of the Employee Health Insurance Committee to look at cost control through plan design and/or investigating different insurance carriers. The committee will strive to maintain a plan that is substantially equal in the insurance benefits to the current benefits.

The committee shall meet approximately quarterly to review insurance usage and discuss employee health insurance issues. Should the current insurance plan or one reasonably equal to it become unavailable, the committee will evaluate alternatives and recommend a course of action. If the committee cannot reach a consensus, then a report summarizing the positions of the committee members shall be given to the City Manager and the ruling board of each participating bargaining unit. If any or all parties, the City Manager or the bargaining unit, reject the recommendation of the committee, or cannot reach agreement to change the insurance plan or carrier, then the parties will immediately commence bargaining.

Section 22.10 Flexible Spending Plan. The City will provide access to a Flexible Spending Plan that complies with IRC Section 125 requirements. This plan will allow for medical or childcare costs to be paid from the employee's pre-tax earnings, and will have a plan year that coincides with the HDP policy year. If IRC regulations for these programs change, this contract provision may be reopened by either party.

* **Bargaining Note: parties intent on the accrued leave types listed was to include all accrued paid leave types banked by the employee at time of determination. If an additional accrued leave type not cited is available to the employee (such as COVID-19 leave), the parties agree to provide use of this accrued leave type to the employee.**