

MEMORANDUM OF UNDERSTANDING

SSU/SEA Collective Bargained Agreement 2015-2018

Modification to selected provisions in Article 16, Fringe Benefits

WHEREAS, after ratification and approval of the 2015-2018 SSU/SEA CBA, the University determined that first-dollar coverage was erroneously incorporated into Article 16 for a 2016 newly adopted High Deductible Health Plan (HDHP) when combined with a Health Savings Account (HSA); and

WHEREAS, if applied, the first-dollar coverage made the HDHP non-qualified under the Internal Revenue Code, and could result in potential negative taxation consequences for Plan participants, and

WHEREAS, both parties recognize and agree that the potential for HDHP participants to realize greater costs than anticipated at the time the CBA was ratified due to the removal of first-dollar coverage existed and that an increase to the annual employer contribution to the HSA was warranted to offset some of these costs;

THEREFORE BE IT RESOLVED, to ensure that the University's HDHP w/HSA remains compliant with the IRC and to offset the possible resulting unanticipated costs to Plan participants, the parties have agreed to revise Article 16 as follows (changes are italicized):

Edited provisions of Article 16

Section 2 (A) (2) (a)

A. Medical

2.

- a. High Deductible Health Plan (HDHP): The HDHP medical insurance plan will include deductibles of \$3,000(S) - \$6,000 (F and E+1) and a 90/10 in-network co-payment with out of pocket maximum of \$6,350(S)/\$12,700 (F and E+1) including the deductible and 60/40 out-of-network with deductible \$6,000(S)/\$12,000(F and E+1) co-payment with out of pocket maximum of \$12,700(S)/\$25,400(F and E+1) including deductible. *Emergency room visits not followed by admission to the hospital will have a user co-pay of \$75.00 per visit once the deductible is met.*
- b. For the HDHP participants only, the bargaining unit members will be eligible to receive an employer contribution into a Health Savings Account (HSA) in the amount of \$600 for Single coverage, \$950 for Employee + 1 coverage, and \$1,200 for Family coverage per Plan year.

Section 2(A) (3) (a)

3.

- a. Preferred Provider Organization (PPO): The PPO medical insurance plan will include deductibles of \$1,000(S)/\$2000 (F and E+1) and 80/20 in-network co-payment with out-of-pocket maximum of \$3000 (S)/\$6000 (F and E+1) including the deductible and 70/30 out-of-network with deductible \$2,000 (S)/\$ 4,000 (F and E+1) co-payment with out of pocket maximum of \$6000 (S)/\$12,000 (F and E+1) including deductible. *Emergency room visits not followed by admission to the hospital will have a user co-pay of \$75.00 per visit.*
- b. High Deductible Health Plan (HDHP): The HDHP medical insurance plan will include deductibles of \$3,000(S) - \$6,000 (F and E+1) and a 90/10 in-network co-payment with out of pocket maximum of \$6,350(S)/\$12,700 (F and E+1) including the deductible and 60/40 out-of-network with deductible \$6,000(S)/\$12,000(F and E+1) co-payment with out of pocket maximum of \$12,700(S)/\$25,400(F and E+1) including deductible. *Emergency room visits not followed by admission to the hospital will have a user co-pay of \$75.00 per visit once the deductible is met.*

For the HDHP participants only, the bargaining unit members will be eligible to receive an employer contribution into a Health Savings Account (HSA) in the amount of \$600 for Single coverage, \$950 for Employee + 1 coverage, and \$1,200 for Family coverage per Plan year.

Section 2 (B) (2)

B. Prescription

2. *Beginning January 1, 2016, coverage of prescription drugs will be based on the type of medical plan the bargaining unit member elects to participate in (PPO or HDHP).*
 - b. *HDHP Participants: preventive prescription drugs (as determined by the University) shall be provided at no cost; participant will pay full cost for all other prescription drugs until deductible is met. Once the deductible is met, the co-pay on prescription drugs (other than for the preventive drugs) for retail (30 day supply) will be \$10 for generic, \$25 for approved list (formulary) brand, \$35 for non-formulary brand, and 25% co-insurance (up to \$250) for specialty drugs. Mail order (90-day supply) co-pay will be \$20 for generic, \$50 for approved list (formulary) brand, and \$70 for non-formulary brand.*

Section 2 (B) (3)

3. Beginning January 1, 2017, coverage of prescription drugs will be as follows:
 - b. HDHP Participants: preventive prescription drugs (as determined by the University) shall be provided at no cost; *participant will pay full cost for all other*

prescription drugs until deductible is met. After the deductible is met, the co-pay on prescription drugs (other than for the preventive drugs) for retail (30 day supply) will be \$10 for generic, \$35 for approved list (formulary) brand, \$60 for non-formulary brand, and 25% co-insurance (up to \$250) for specialty drugs. Mail order (90-day supply) co-pay will be \$20 for generic, \$70 for approved list (formulary) brand, and \$120 for non-formulary brand.

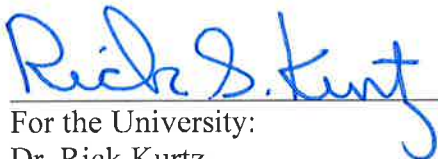
Section 3. Flexible Spending Account (FSA).

Insert the following as Section 3(B):


Bargaining unit members enrolled in the HDHP may participate in a limited Flexible Spending Program (FSA), which permits participants to set up a payroll deduction for reimbursement of eligible dental and vision expenses on a pre-tax basis in accordance with the rules and regulations under Internal Revenue Code Section 125.

Move 3B to 3(C)

BE IT FURTHER RESOLVED, except for the edited excerpts included in this memorandum of agreement, all remaining provisions in Article 16 remain as written in the 2015-2016 SSU/SEA collective bargained agreement (pp 83-91).



For the University:
Dr. Rick Kurtz
President, Shawnee State University

 3-23-15

For the Association:
Dr. Clifford Poirot
Shawnee Education Association