

HEALTHCARE TRUST**ALL UNITS****Section 1 – General Provisions**

(a) The parties agree that Teamsters Local 1932 may establish a healthcare trust (the “Trust”) that offers medical coverage compliant with Internal Revenue Code (Code) section 4980H and the Affordable Care Act (ACA), dental coverage, vision care coverage for active employees in the Administrative; Clerical; Craft, Labor & Trades; Management; Supervisory; Nurses Supervisory and Management; and Technical & Inspection Units (the “Bargaining Units”) who are members of Teamsters Local 1932. Active employee is defined as an employee who has not terminated employment from the County including those on paid status and on approved unpaid leave of absence.

(b)

(i) **Newly Hired Teamster Local 1932 Member:** Newly hired active Bargaining Unit employees who are members of Teamsters Local 1932 may choose to participate in medical and prescription drug coverage, dental coverage, and vision coverage offered by either the County or by Teamsters Local 1932 through the Trust. Teamsters Local 1932 members who select the Trust shall obtain medical, dental, and vision coverage through the plan(s) offered by the Teamsters Healthcare Trust.

The default medical enrollment for a newly hired Teamsters Local 1932 member who fails to select a medical plan upon hire shall be a plan offered through the Teamsters trust. Employees returning from a leave of absence who prior to their leave of absence select a Teamsters trust plan will continue to participate in the same plan in which they were previously enrolled.

(ii) **Newly Hired Non-Teamsters Local 1932 Member:** Newly hired active Bargaining Unit employees who are not members of Teamsters Local 1932 and do not opt out or waive coverage shall participate in the medical and prescription drug coverage, dental coverage, and vision care coverage offered by the County.

(iii) **Current County Employees Hired Into a Teamsters Local 1932 Bargaining Unit and Teamsters Local 1932 Bargaining Unit Employees Returning from a Leave of Absence:** Employees shall become eligible for coverage under the Trust as a result of moving from a bargaining unit not covered by the Trust to Bargaining Units covered by the Trust and becoming a member of Teamsters Local 1932 (i.e. an IRS qualifying life event). Once eligible, members of Teamsters 1932 will have the option to select either a County-sponsored plan or a Trust-sponsored plan. The County shall notify the Teamsters as soon as possible upon an employee promoting or demoting into a bargaining unit represented by Teamsters.

(c) Employees who are already enrolled in a plan at open enrollment, or who are opting-out/waiving, and who do not make a plan selection at open enrollment will maintain the plan they selected prior to the open enrollment, or be maintained as an opt-out/waive, as applicable.

(d) Employees shall become ineligible for coverage under the Trust as a result of moving into a bargaining unit not covered by the Trust (i.e., an IRS qualifying life event under the County’s Section 125 Plan).

(e) The parties shall utilize best efforts to negotiate additional details of the Trust such that it is operational by March 1, 2020, and effective at the start of the County’s 2020/21 benefit plan year which commences on July 18, 2020.

(f) If the Board of Supervisors is legally required to approve certain Trust-related items prior to implementation, it shall do so as soon as practicable. However, the County cannot prevent the Trustees of the Trust from taking any actions the Trustees reasonably believe is in the best interest of the

beneficiaries of the Trust unless inconsistent with applicable law, this Article or the Medical, Dental, and Vision Coverage article in this MOU.

- (g) The parties will periodically review how the administration of the Trust is working, as necessary. The Trust shall establish a liaison between County HR Benefits and the Trust Administrator to address such concerns.
- (h) The County reserves the right to discontinue the side-by-side health insurance coverage should an independent audit of the trust show serious deficiencies or compliance issues as determined by the County. The County will identify its concerns in writing and provide 120 days' notice that it will discontinue the Trust if the Trust is unable to remedy the serious compliance issues within 90-days of the Trust's receipt the County's notice of deficiency.
- (i) The County shall have the ability to review Trust audit results and/or independently conduct its own audit of the Trust, including its operations, compliance, experience, utilization, rate setting documentation and supporting data, loss ratios, expenses, transactions, and financial results as they pertain to the Trust plan.
- (j) The County shall have the ability to meet with Teamsters Local 1932, the Trustees, Trust Counsel, or the Trust Administrator, as applicable, to discuss any concerns it has with the Trust.
- (k) The Trust may not terminate its medical, dental, and vision coverage during the term of this Agreement. If the Trust or the health provider terminates medical, dental, or vision plan coverage, the County will terminate its contribution for the applicable benefit 30 days prior to plan termination unless the Trust provides a suitable replacement plan such that employees are covered until coverage terminates. The County must be notified at least 120 days prior to coverage termination.
- (l) The Trust agrees to maintain insurance coverages and shall name the County as an additional insured on the Policy and shall defend, indemnify, defend (with counsel reasonably approved by the County) and hold harmless the County and its authorized officers, employees, and agents, harmless from any claims, loss, liability, cause of action or administrative proceeding, or legal action arising out of, or in any way related to, the Trust and/or the healthcare plans administered and/or provided pursuant to this Agreement.
- (m) The Trust shall cooperate with the County and provide all necessary information to the County within agreed upon or established timelines as set forth in the MOU, plan documents, applicable law, or pursuant to the County's request in order for the County to fulfill its compliance and regulatory obligations. To the extent allowed by applicable law, Trust shall be responsible for paying any penalties caused by its failure to comply with Trust reporting and compliance requirements. To the extent the Trust is not permitted under applicable law to fund such penalties, Teamsters Local 932 shall take reasonable steps to seek reimbursement to the Trust from any vendors engaged by the Trust that may be responsible for failure to meet reporting and compliance requirements.
- (n) The County will transmit eligibility files and contributions to the Trust on a bi-weekly basis for the purpose of plan administration for employees. Likewise, the Trust will provide the County on a bi-weekly basis employees' plan elections (e.g., Employee Only, Employee + 1, or Employee + 2 or more). The Trust will be responsible for reconciling any billing discrepancies with their healthcare carrier plans.
- (o) All costs of providing and administering healthcare plans shall be the sole responsibility of the Trust; provided, however, the County and Teamsters Local 1932 can discuss how part of the agreed-to medical subsidy can be allocated to Trust expenses, administrative costs, and/or reserves. The County shall not be responsible for any cost of providing or administering said plans in excess of the amounts specified in this Agreement.
- (p) Upon obtaining the final results of open enrollment selections for the County's 2020/2021 benefit plan year, the County shall transfer to the Trust, on a one-time basis, an amount from dental reserves up to a maximum of \$3,635,775, calculated on the basis of \$297.45 per participant receiving dental coverage from the Trust.

In addition, the County shall transfer, on a one-time basis, up to a maximum of \$450,000 in Performance Guarantee monies, upon obtaining the final results of open enrollment selections for the County's 2020/2021 benefit plan year, based on the following schedule:

| Plan Enrollment in Trust | Per Enrolled Employee Per Pay Period |
|-----------------------------|--------------------------------------|
| Medical, Dental, and Vision | \$87.00 |
| Medical and Vision | \$52.87 |
| Dental and Vision | \$40.15 |
| Vision Only | \$6.69 |

Such funds may be used by the Trust for Trust expenses, administrative costs, and/or reserves.

- (q) The County shall continue to take deductions from employees' earnings in accordance with the Section 125 Plan of the Internal Revenue Code (IRS). The Trust will be responsible for reimbursing the County \$79,000 for start-up administrative costs incurred by the County. In addition, the County shall deduct the following amounts per participating employee from the transfer of premiums on a bi-weekly basis for ongoing administrative costs:

| Plan Enrollment in Trust | Per Enrolled Employee Per Pay Period |
|-----------------------------|--------------------------------------|
| Medical, Dental, and Vision | \$1.30 |
| Medical and Vision | \$0.79 |
| Dental and Vision | \$0.60 |
| Vision Only | \$0.10 |

- (r) Nothing in this article shall prevent the Trust from offering supplemental life, vision, and/or dental benefits to employees, the cost of which shall not be paid by the County.
- (s) Teamsters Local 1932 shall be responsible for the Trust and the Third Party Administrator of the Trust's plans complying with all provisions of this Article, and any other applicable agreements related to the Trust.

Section 2 – Eligibility and Enrollment

- (a) Medical, dental, and vision plans provided through the healthcare benefit trust fund shall be made available by the Trust to all active employees in regular positions in the Bargaining Units who are members of Teamsters Local 1932.
- (b) The open enrollment period and plan year period for the Trust shall coincide with the County's open enrollment and plan year period. The Trust shall work closely with the County in preparation for the County's plan year and production of open enrollment materials. The parties agree that both the County and Teamsters Local 1932 may educate employees regarding the union's Trust and County medical plan options. Additionally, Bargaining Unit members who are members of Teamsters Local 1932 may only change from a County plan to a Trust plan or vice versa during open enrollment or certain IRS qualifying life events. Employees must sign and provide to the County a written authorization for deductions via paper and/or electronic signature.
- (c) Employees shall become eligible for coverage under the Trust as a result of moving from a bargaining unit not covered by the Trust to the Bargaining Units covered by the Trust and becoming a member of Teamsters Local 1932 (i.e., an IRS qualifying life event). Once eligible, members of Teamsters Local 1932 will have the option to select either a County-sponsored plan or a Trust-sponsored plan, Employees entering the Unit from another Unit who are already enrolled in a County-sponsored plan and who do not make a plan selection upon entering the Teamsters Local 1932 Unit will maintain the plan they selected prior to entering the Unit.
- (d) All eligible employees scheduled to work forty (40) hours or more per pay period in a regular position must enroll in either a County-sponsored medical/dental plan or a Teamster-sponsored medical/dental

plan, unless the employee opts out or waives medical/dental insurance pursuant to the requirements of Section 2 of the Medical, Dental, and Vision Coverage article.

Section 3 – Healthcare Benefit Trust Fund

- (a) The Trust shall maintain a healthcare benefit trust fund for the sole purpose of providing medical, dental, and vision plans alongside County-sponsored medical, dental, and vision plans for employees in the Bargaining Units. Funds in said healthcare benefit trust shall not be co-mingled with other Union funds. The Trust shall be structured so that earnings in the Trust will be tax-exempt and benefits to employees will be tax-free to the extent possible under the tax rules. If the Trust is structured as a VEBA, a determination of its tax-exempt status shall be obtained from the IRS. If the Trust is structured as a Code section 115 Trust or in some other manner, an opinion from the IRS or from tax counsel competent in the employee benefits area of tax law shall be obtained that the structure reasonably may be treated as tax-exempt.
- (b) The healthcare benefit trust fund shall be administered by healthcare benefit Trustee(s) who shall serve in a legally recognized fiduciary capacity. The Trust shall maintain fiduciary liability insurance coverage for Trustees. The County may request to be listed as an additional insured on an endorsement of Zenith American Solution's (or any other administrator's) errors and omission policy.
- (c) For any Bargaining Unit employees who elect to participate in the Trust, the County shall contribute to a healthcare benefit trust fund the amounts specified in the Medical, Dental, and Vision Coverage article for the sole purpose of offsetting employees' cost of medical and/or dental plan premiums and employee-only vision care premiums. In no case shall the contribution to the healthcare benefit trust fund exceed the cost of the medical, dental, and vision premiums for coverage selected through the Trust; provided, however, the County and Teamsters Local 1932 can discuss how part of the agreed-to subsidy(s) can be allocated to Trust expenses, administrative costs, and/or reserves, (i.e. parties to meet and confer if Teamsters does not intend to apply all of the County's contributions to offset the cost of medical, dental, or vision).
- (d) If the Trust or the health provider terminates medical, dental, or vision plan coverage, the County will terminate its contribution for the applicable benefit 30 days prior to plan termination unless the Trust provides a suitable replacement plan such that employees are covered until plan terminates.
- (e) The Trust will be responsible for all accounting practices relating to the disbursement of all trust funds. Accounting practices will be in accordance with industry standards for trust fiduciaries, including the prompt payment of any premiums due to health plan providers. To the extent that the County may be required to obtain information from the Trust for purposes of completing its annual financial statements, the Trust will cooperate in providing necessary information.
- (f) The Trust will be responsible for all policies relating to the investment of trust funds, including reserves. Investment practices will be in accordance with industry fiduciary standards and best practices. The parties agree that pursuant to Section 5(d) of this article, they shall meet and confer to discuss the investment policy statement.
- (g) The parties agree that the County, to include its officers, employees, or agents, shall have no responsibility or liability for the accounting decisions and practices of the Trust or for the investment decisions related to trust funds (including reserves).

Section 4 – Compliance with Law

- (a) The Trust shall comply with all laws applicable to medical, dental, and vision plans and/or healthcare trust funds and the administration and management thereof.
- (b) In the administration and provision of medical, dental, and/or vision plans, the Trust shall comply with COBRA, HIPAA, ACA, and all other applicable state and federal laws and regulations to the same extent the County would be required to comply. The County and Trust will work together to ensure compliance with the Consolidated Omnibus Budget Reconciliation Act (COBRA) and the Trust's plan(s) shall accept retroactive enrollments and corrections (COBRA and Active) within 120 days.

- (c) Teamsters Local 1932 shall defend (with counsel reasonably approved by the County), indemnify and hold harmless the County and its officers, employees, and agents, including the County's designated trustees, from any claim, loss, liability, cause of action or administrative proceeding arising out of this Article or from any and all decisions and actions made by the Trust, the Trustees and Teamsters Local 1932 in relation to the Trust.

Section 5 – Meet and Confer Provisions

- (a) At the request of the County, the parties will meet and confer on any Trust-related issues as necessary. The parties shall meet and confer on any substantial changes in plan design, insurers, or other vendors to the Teamsters-sponsored healthcare plans or the Trust structure (e.g., a change in stop loss carrier or policy provisions, a change in Trust governance or the personnel involved in governance, the adoption or modification of charter documents, etc.).
- (b) Current retirees are not eligible to participate in the Trust. Teamsters Local 1932 shall meet and confer with the County prior to permitting new retirees (i.e., those who retire after establishment of the Trust) to participate in the Trust and, if agreed to by the parties, the Trust shall establish different (i.e., non-blended) plans and premium rates for active employees and retirees.
- (c) If the Teamsters Local 1932 proposes to implement a self-insured medical, dental, and/or vision plan, parties agree to meet and confer prior to the implementation.
- (d) The County and Teamsters Local 1932 shall meet and confer prior to the issuance of on an investment policy statement relating to the investment of trust funds, including reserves.
- (e) Upon the request of Teamsters Local 1932, the County agrees to meet and confer with Teamsters Local 1932, subject to the requirements of the Meyers-Milias-Brown Act and any applicable laws, to discuss any proposed modification for participation/funding/eligibility in the County's RMT or participation/funding/eligibility of any agreed-upon retiree health component of the Teamsters-sponsored Healthcare Trust.

Date Agreed: MAY 06 2020

County



Teamsters Local 1932


