# Memorandum of Understanding
# between
# The City of Bend
# and
# The Bend Firefighters Association L939

This Memorandum of Understanding (MOU) between the City of Bend (City) and the Bend Firefighters Association L939 (Association) is to describe the terms of a high deductible medical insurance plan. This MOU is an addendum to Article 29 of the July 1, 2009 – June 30, 2012 contract and is intended to superseded and replace Article 29.1 of the contract. The contract language will serve to apply to any terms not covered by this MOU.

This MOU will be effective September 1st, 2010.

**Terms of the Plan:**

1. The City and Association agree to implement a high deductible medical insurance plan (HDP) as described in Attachment A combined with a Health Reimbursement Arrangement /Voluntary Employee Beneficiary Association (HRA/VEBA).
2. All benefits eligible Fire Department employees shall participate in the HDP.
3. The City will contribute $2000 for an individual and $4000 for a family into each employee's HRA account annually on the first day of the first month (currently August 1) of each insurance policy year. "Family" means the employee plus one or more eligible dependents, as defined in the insurance plan.
    a. 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 pay the deductible expenses incurred up to $2000 for a single and $4000 for a family. There will be no contribution to the HRA during this time.
4. All medical costs as used in this MOU are based on medical expenses the insurance company covers as usual customary charges.
5. The remaining out-of-pocket (OOP) limit of eligible medical expenses is $16,000 for an employee with family and $8,000 for a single employee
6. The OOP expenses will be shared as incurred between the insurance provider, the City, and the Association member as follows:
    a. For the policy year September 1, 2010 – July 31, 2011
        i. Insurance carrier - 75% up to $12,000 for a family and $6,000 for an individual.
        ii. City – 18.75% up to $3,000 for a family and $1,500 for an individual.

iii. Employee – 6.25% up to $1,000 for a family and $500 for an individual.

b. Effective August 1, 2011
   i. Insurance carrier - 75% up to $12,000 for a family and $6,000 for an individual.
   ii. City – 15.625% up to $2,500 for a family and $1,250 for an individual.
   iii. Employee – 9.375% up to $1,500 for a family and $750 for an individual.

7. The premium for this plan will be shared 10% by the Association member and 90% by the City.
8. The City and the Association agree to find a 3rd party carrier to administer the HRA/VEBA funds.
   a. The plan 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.
   b. The plan must provide a debit card(s) option for accessing the HRA, VEBA, and FSA accounts.
   c. There shall be no fees to the employee or the City for administration of the HRA/VEBA.
9. The City agrees to provide a Flexible Spending Account (FSA) plan with a plan year that coincides with HDP policy year.
10. The implementation of this MOU is contingent upon the availability of a TPA capable of administering the HDP as described.

**Retirees**

1. The City and Association agree to implement a high deductible medical insurance plan (HDP) for retirees as described in Attachment A.
   a. Members who retire after August 30, 2010 while this HDP is in effect shall be eligible to enroll only in this retiree plan.
   b. Retired members who are enrolled in the City's existing PacificSource retiree plan as of August 30, 2010 shall be eligible to enroll.
2. Retired members will be eligible to continue on the HDP at either the family or single option and will not be eligible to change to any other retiree plan offered by the City.
3. From retirement until age 60, the member will be responsible for all costs associated with the retiree insurance plan. Under the HDP, this includes the premium, deductible, and OOP costs.
4. Upon reaching age 60 a PERS retired member with 15 years of service who has maintained the City HDP medical plan shall have their single premiums paid by the City. Additionally, the City shall cover the annual deductible and out-of-pocket rates for the employee. These provisions shall remain in effect until the PERS retiree becomes Medicare eligible.

5. When Medicare eligible, the City will pay the PERS supplement to Medicare for the retiree. All other City-paid retiree insurance benefits will cease.

**Premium Changes/Usage**

1. The Association group premium rates will be determined based on all Fire Department employees' experience, including retired Fire employees, and other relevant insurance industry principles, separately from the rest of the City.
2. The parties will meet annually no later than June 1 to review Fire Department experience and to consider premium rate and plan changes.
3. In the event the HDP is adopted by other City groups, there will be no change in the Fire HDP premiums as a result, unless agreed upon by the Fire Association.

**Negotiation/ Sunset Clause**

1. Unless mutually agreed upon otherwise, this MOU will remain in effect until August 31, 2013 and will automatically renew annually thereafter. However, in the event the HDP does not meet the needs of either party, the parties will meet to discuss those needs. If either party can provide material cause sufficient to justify discontinuing the HDP, the City and the Association will come together to negotiate replacement medical insurance coverage that provides the same level of coverage as the plan described in this MOU. The subsequent plan change would occur at the beginning of the next plan year.
2. The parties are committed to continuing good faith efforts to insure the success of the HDP.

Bend Firefighters Association

President Neil Pedersen

Vice President Patricia Connolly

City of Bend

Fire Chief Larry Huhn

Human Resources Janice Grady

City Manager Eric King

# SUMMARY OF BENEFITS – City of Bend

PacificSource HEALTH PLANS

**PREFERRED 75+2000+Rx**

Attachment A

**MAXIMUM LIFETIME BENEFIT** ..... $2,000,000

**ANNUAL DEDUCTIBLE**

Participating Providers .....$2,000 individual / $4,000 family
Nonparticipating Providers .....$4,000 individual / $8,000 family

The deductible is an amount of covered medical expenses the member pays each calendar year before the plan's benefits begin. The deductible applies to all services and supplies. The individual deductible applies only if the employee enrolls without dependents. If the employee and one or more dependents enroll, only the family deductible applies. Only participating provider expense applies to the participating provider deductible and only nonparticipating provider expense applies to the nonparticipating deductible.

**OUT-OF-POCKET LIMIT**

Participating Providers .....$4,000 individual / $8,000 family
Nonparticipating Providers .....$10,000 individual / $20,000 family

Once the out-of-pocket limit has been met, this plan will pay 100% of covered charges for the rest of that calendar year. The individual out-of-pocket limit applies only if the employee enrolls without dependents. If the employee and one or more dependents enroll, only the family out-of-pocket maximum applies. Only participating provider expense applies to the participating provider out-of-pocket limit and only nonparticipating provider expense applies to the nonparticipating out-of-pocket limit. Nonparticipating provider charges in excess of the PacificSource fee allowance do not accumulate toward the out-of-pocket limit. Nonparticipating provider charges in excess of the PacificSource allowable fee will continue to be the member's responsibility even after the out-of-pocket limit is met.

| *SERVICE:* | *PARTICIPATING PROVIDER/ NETWORK NOT AVAILABLE BENEFIT:* | *NONPARTICIPATING PROVIDER BENEFIT:* |
|---|---|---|
| **PREVENTIVE CARE** | | |
| Well Baby Care | •100% | 50% |
| Routine Physicals | •100% | 50% |
| Routine Gynecological Exams | •100% | 50% |
| Immunizations | •100% | 50% |
| Routine Colonoscopy | 75% | 50% |
| **PROFESSIONAL SERVICES** | | |
| Office and Home Visits | 75% | 50% |
| Office Procedures and Supplies | 75% | 50% |
| Urgent Care Center Visits | 75% | 50% |
| Surgery | 75% | 50% |
| Physical Therapy | 75% | 50% |
| **HOSPITAL SERVICES** | | |
| Inpatient Room and Board | 75% | 50% |
| Inpatient Rehabilitative Care | 75% | 50% |
| Skilled Nursing Facility Care | 75% | 50% |
| **OUTPATIENT SERVICES** | | |
| Outpatient Surgery/Services | 75% | 50% |
| Advanced Imaging | 75% | 50% |
| Diagnostic and Therapeutic Radiology and Lab | 75% | 50% |
| * Emergency Room Visits | 75% | 50% |
| **MENTAL HEALTH/CHEMICAL DEPENDENCY SERVICES** | | |
| Office Visits | 75% | 50% |
| Inpatient Care | 75% | 50% |
| Residential Programs | 75% | 50% |
| **OTHER COVERED SERVICES** | | |
| Allergy Injections | 75% | 50% |
| Ambulance, Ground and Air | 75% | 75% |
| Durable Medical Equipment | 75% | 50% |
| Home Health Care | 75% | 50% |
| Alternative/Chiropractic Care ($1,000 per year max) | 75% | 50% |
| Prescription Drugs | 75% | 50% |

• ***Deductible waived***

* ***In true medical emergencies, nonparticipating providers are paid at the participating provider level.***

*Payment to providers is based on the prevailing or contracted PacificSource fee allowance for covered services. Although participating providers accept the fee allowance as payment in full, nonparticipating providers may not. Services of nonparticipating providers could result in out-of-pocket expense in addition to the percentage indicated. Network Not Available payment is allowed when PacificSource has not contracted with providers in the geographical area of the member's residence or work for a specific service or supply. Payment to providers for Network Not Available is based on the usual, customary, and reasonable charge (see "allowable fee" in the Definitions section) for the geographical area in which the charge is incurred.*

***This is only a brief summary of benefits. Please refer to the additional information provided for a further explanation of benefits including limitations and exclusions.***

## BENEFIT SUMMARY — VISION

Your group insurance plan covers vision exams, eyeglasses, and contact lenses. The following shows the vision benefits available.

### BENEFIT PERIOD

**Eye Exam:** Once every 12 months
**Lenses:** One pair every 12 months
**Frames:** One every 24 months
**Contact Lenses:** Once every 12 months

| SERVICE/SUPPLY | Participating Provider Benefit | Nonparticipating Provider Benefit |
|---|---|---|
| **Eye Exam** | 100% | $40 |
| **Hardware** | | |
| * **Lenses** (maximum per pair) | | |
| ➢ Single Vision | 100% | $56 |
| ➢ Bifocal | 100% | $84 |
| ➢ Trifocal | 100% | $116 |
| ➢ Lenticular | 100% | $236 |
| Progressive | $116 | $116 |
| * **Frames** | $75 | $75 |
| * **Contacts** (in place of glasses) | $180 | $180 |
| * *Participating Providers discount these services.* | | |
| ➢ *Participating Providers accept these benefit amounts as payment in full.* | | |

The amounts listed above are the maximum benefits available for all vision exams, lenses, and frames furnished. If charges for a service or supply are less than the amount allowed, the benefit will be equal to the actual charge. If only one lens is supplied, the allowance for the lens is 50% of the lens allowance shown. Corrective eye surgery is covered up to a lifetime maximum of $250 per eye.

**Limitations and Exclusions**

The out-of-pocket expense for vision services (copayments and service charges) does not apply to the medical deductible or out-of-pocket limit of the policy. Also, the member continues to be responsible for the vision copayments and service charges regardless of whether the policy's out-of-pocket limit is satisfied.

**Covered expenses do not include, and no benefits are payable for:**

- Special procedures such as orthoptics or vision training
- Special supplies such as sunglasses (plain or prescription) and subnormal vision aids
- Tint
- Plano contact lenses
- Anti-reflective coatings and scratch resistant coatings
- Separate charges for contact lens fitting
- Replacement of lost, stolen, or broken lenses or frames
- Duplication of spare eyeglasses or any lenses or frames
- Nonprescription lenses
- Visual analysis that does not include refraction
- Services or supplies not listed as covered expenses
- Charges for services or supplies covered in whole or in part under any other medical or vision benefits provided by the employer
- Eye exams required as a condition of employment, or required by a labor agreement or government body
- Expenses covered under any workers' compensation law.
- Services or supplies received before this plan's coverage begins or after it ends.