

**MEMORANDUM OF AGREEMENT  
BETWEEN  
THE TOWN OF WAKEFIELD  
AND  
THE M.G.L. c. 32B, §§ 19 WAKEFIELD PUBLIC EMPLOYEE COMMITTEE  
TO PROVIDE HEALTH INSURANCE THROUGH  
THE GROUP INSURANCE COMMISSION**

**(July 1, 2021 through June 30, 2024)**

**WHEREAS**, the Town, through its Town Manager, and the Public Employee Committee ("PEC") are entering into this written agreement to continue health care coverage for the Town's subscribers through the GIC pursuant to M.G.L. c. 32B, §19 effective July 1, 2021 through, at a minimum, June 30, 2024 ("2021-2024 Agreement");

**NOW THEREFORE**, the Town and the PEC agree as follows:

***Purpose of Agreement***

1. The purpose of this 2021-2024 Agreement is to continue health insurance benefits for the Town's subscribers through the GIC pursuant to M.G.L. c. 32B, § 19. Accordingly, the PEC agrees that the Town may continue coverage for the Town's subscribers through the GIC pursuant to M.G.L. c. 32B, § 19.

***Transfer to the GIC***

2. The Town and subscribers will take all necessary and reasonable actions to continue coverage of the Town's subscribers through the GIC effective July 1, 2021 and to maintain coverage thereafter for the duration of this "2021-2024 Agreement".
3. For the duration of this agreement, premium contributions for all subscribers under the GIC shall be as follows:

Indemnity Plans (Medicare and Non-Medicare Plans) 75% Town/25% subscriber

POS's (Medicare and Non-Medicare Plans) 75% Town/25percentage  
Subscriber

HMO's (Medicare and Non-Medicare Plans) 80% Town/20% Subscriber

***Mitigation Plan***

4. The Town agrees to maintain an "Employee Health Care Mitigation Fund" (EHMF) consisting of rollover funds representing unused allocated funds resulting from the initial transfer to the GIC as well as from the 2018-2021 PEC Agreement. The Town will add \$330,000 on July 2021, \$340,000 on July 2022, and \$350,000 on July 2022 to the existing mitigation fund.

5. The established HRA shall be for all plan subscribers and shall reimburse actual out-of-pocket cost for the following covered services:

Outpatient Surgery Copayments - up to \$250 per occurrence

Inpatient Hospital Admission Copayments — up to \$1,500 per occurrence

High Tech Imaging Copayments - up to \$100 per occurrence

In the event that any one member or family has out-of-pocket costs for covered services, that are not reimbursed by the HRA, or paid by the health plan, that exceed \$1,500 per individual and \$3,000 per family, the HRA will provide reimbursement of 100% of the costs over \$1,500 per calendar year up to a maximum of \$5,000 for an individual plan and 100% of the costs over \$3,000 and up to \$10,000 for a family plan per calendar year. Annual deductible shall be excluded as eligible for reimbursement.

In the event that the GIC implements any increases to the above referenced deductibles and copayments, the HRA reimbursement shall be adjusted proportionately.

6. The Town and PEC agree to meet quarterly with the HRA administrator to discuss ongoing usage, funding, and to review ongoing status of the HRA and to determine distribution options as funds are depleted accordingly. The PEC will also consider premium holidays based on the HRA quarterly plan balance changes, and will assess the feasibility of future premium holidays. The Town and the PEC agree (if surplus funds are available) to transferring a portion of these funds to the Town's OPEB Trust Account. Consideration of the impact of the Affordable Care Act's 40% excise tax (the "Cadillac Tax") will also allow for possible future adjustments.

#### ***Flexible Spending Account***

7. The Town will continue to provide a flexible spending account program (i.e. "Section 125" plan). The Town shall pay any annual administrative fee for subscribers who opt into the program for the duration of this Agreement. The program may include a voluntary debit card system the fee for which shall be the responsibility of the employees. Employees may set aside funds annually up to the maximum amount permitted under the IRS regulations.

#### ***Waiting/Hiatus Period***

8. Waiting/Hiatus Period

New employees of the Town are eligible to enroll in health insurance offered by the GIC in accordance 805 CMR 9.01. Therefore, in accordance 805 CMR 9.01(3), new employees of the Town are eligible to enroll in health insurance offered through the GIC within 10 calendar days of the first date of employment with the Town. GIC health insurance benefits begin on the first day of the month following sixty (60) days

or two (2) full calendar months of employment, whichever is less. The period between the date of employment and the effective date of coverage pursuant to 805 CMR. 9.01(3) are hereinafter referred to as the "Waiting/Hiatus Period."

**9. Waiting/Hiatus Period Stipend**

During the "Waiting/Hiatus Period," the Town shall pay a stipend ("Waiting/Hiatus Period Stipend") to those "re-hired" (former employees who experienced a reduction in workforce or due to leave for military service) employees who have notified the Town within 10 calendar days of employment that they have chosen to enroll in one of the health insurance plans through the GIC. The amount of the "Waiting/Hiatus Period Stipend" will be equal to the employee's portion, up to a maximum of 80%, of the premium or cost for whichever plan the employee has chosen to enroll. To receive the "Hiatus Period Stipend", the employee must show proof of other health insurance coverage during the "Waiting/Hiatus Period," (e.g., COBRA or other alternative health insurance plan).

Newly enrolled employees/subscribers who cancel their GIC coverage within sixty (60) days of the effective date of the GIC coverage shall return the "Waiting/Hiatus Period Stipend" in its entirety to the Town.

**10. GIC Retroactive Effective Date of Coverage**

Subscribers may request retroactive coverage from the GIC in accordance with 805 CMR 9.01(4). Therefore, if a subscriber incurs a medical expense(s) during the "Waiting/Hiatus Period" that in sum exceeds the full-cost health insurance premium of the GIC's elected plan for the "Waiting/Hiatus Period", the subscriber may file a written request to the GIC for approval of health coverage to become effective on the first day of employment. Upon approval by the GIC, coverage shall take effect as of the first day of employment. In this event, the Town shall submit the full-cost health insurance premium for the "Waiting/Hiatus Period" to the GIC in a timely manner. The employee shall reimburse the Town his/her proportional share of the premium and any "Waiting/Hiatus Period Stipend" amount already received through normal payroll deductions.

- a. The provisions of subparagraphs (a), (b) and (c) shall expire if and when the GIC eliminates the "Waiting/Hiatus Period".

***Health Coverage After June 30, 2024***

11. The transfer of subscribers to the GIC shall remain in force after June 30, 2024, unless, pursuant to a successor agreement executed by the parties, notice is provided to the GIC no later than December 1, 2023 that the Town will terminate its coverage with the GIC.
12. The Town Administrator, or his designee, and the PEC shall commence negotiations

for a successor agreement no later than April 1, 2023. The Town and PEC agree to consider options outside of the GIC including entertaining bids from commercial insurance carriers for the Towns health coverage. Negotiations shall include, but not be limited to, premium contributions, continuation of the HRA, and the impact of out-of-pocket costs to subscribers. To facilitate negotiations, the Town shall request specific utilization and claims data from the GIC pursuant to GIC CMR 8.05, Paragraph (29), § *a & b* which shall be made available for examination by the PEC.

#### ***Opt out***

13. The parties agree to continue the Opt Out program for Town of Wakefield employees including \$1,500.00 for waiving individual coverage and \$3,000.00 for waiving family coverage in accordance with the terms and conditions as outlined in the Opt-Out Program (available through the Town Benefits Department (copy attached)).

#### ***Medicare Migration***

14. Medicare Migration may occur during this next 3-year contract. There are approximately 53 people in the “active” plans costing \$685,000 annually as of FY22. Moving these 53 subscribers to a Medicare Senior plan would cost \$435,000 annually as of FY22. Subscribers would be required to enroll in Medicare Part A, and pay the Medicare Part B premium. The Town will pay the Part A premium and any associated late entrant penalties.

#### ***Severability Clause***

15. If any provision or portion of this "2021-2024 Agreement" is found to be unenforceable or unlawful, the remaining provisions or portions shall remain binding.


#### ***Scope & Modification***

16. This "2021-2024 Agreement" shall constitute the whole of the Agreement between the Town and the PEC. The Agreement may be modified only by a written agreement approved in the same manner as the original Agreement.

#### ***Authorization to Sign Agreement***

17. Each signatory to this "2021-2024 Agreement" is authorized to bind the entity he/she represents. The PEC represents that it has the authorization and approval of a majority of the weighted votes of the PEC and that this Agreement is binding on all subscribers and their representatives.

The Town of Wakefield and its Town Administrator



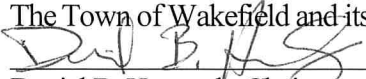
Stephen P. Maio

The Town of Wakefield and its Municipal Gas and Light Department



Peter Dion

The Town of Wakefield and its Public Employee Committee



Daniel B. Hancock, Chairman