
CITY OF MINNEAPOLIS

And

**CITY EMPLOYEES' UNION, LOCAL UNION
NO. 363 a/w LABORERS' INTERNATIONAL
UNION OF NORTH AMERICA, AFL-CIO
(Laborers Unit)**

**LETTER OF AGREEMENT
Health Care Insurance**

WHEREAS, the City of Minneapolis (hereinafter "Employer") and the City Employees' Union Local No. 363, AFL-CIO (hereinafter "Union") are parties to a Collective Bargaining Agreement that is currently in force; and

WHEREAS, the Parties desire to provide quality health care at an affordable cost for the protection of employees, which requires a modification to the current Collective Bargaining Agreement as it relates to the funding of Health Care beginning January 1, 2014 and

NOW, THEREFORE BE IT RESOLVED, that the parties agree as follows for the period January 1, 2014 through December 31, 2014:

1. The City will offer a medical plan through Medica Insurance Company ("Medica"). Employees can elect to enroll in one of three provider networks. Medica Elect and Medica Essential are managed care models and Medica Choice is an open access model.
2. Medica will continue a dual medical premium system that provides incentives for wellness program participation. The monthly medical premiums for subscribers who complete 2013 wellness program points by August 31, 2013 (the "wellness premiums") will be lower than the premiums for subscribers who do not complete 300 wellness program points by August 31, 2013 (the "standard premiums"). The 2013 wellness program requirements are described the *New and Improved! My Health Rewards by Medica*SM brochure which is attached hereto and incorporated herein as Appendix A.

The "wellness premium" will also apply to all newly enrolled employees who were benefit eligible after July 1, 2013.

3. For the period January 1, 2014 through December 31, 2014, the City will pay \$507.06 per month for employees who elect single coverage under the medical plan.
4. For the period January 1, 2014 through December 31, 2014, the City will pay \$1,369.07 per month for employees who elect family coverage under the medical plan.
5. The City will continue the Health Reimbursement Arrangement ("the Plan") which was established January 1, 2004 to provide reimbursement of eligible health expenses for participating employees,

their spouse and other eligible dependents; and the Voluntary Employees' Beneficiary Association Trust (the "Trust") through which the Plan is funded.

6. The Plan shall be administered by the City or, at the City's discretion, a third party administrator.
7. The City shall designate a Trustee for the Trust. Such Trustee shall be authorized to hold and invest assets of the Trust and to make payments on instructions from the City or, at the City's discretion, from a third party administrator in accordance with the conditions contained in the Plan. Representatives of the City and up to three representatives selected by the Minneapolis Board of Business Agents shall constitute the VEBA Investment Committee which shall meet not less than annually to review the assets and investment options for the Trust.
8. The City shall pay administration fees for Plan members who are current employees and other expenses pursuant to the terms of the Plan. Plan members who have separated from service will be charged an administration fee of \$1.50 per month beginning the January 1st of the calendar year following the year in which they experience a one year break in service.
9. The City will make a contribution to the Plan in the annual amount of \$1,080.00 for employees who elect single coverage and \$2,280.00 for employees who elect family coverage in the City of Minneapolis Medical Plan. Such City contribution shall be made in monthly installments equal to one-twelfth (1/12) of the designated amount and shall be considered to be contract value in the designated amount.

No later than December 1, 2014, the City shall make an additional, one-time lump sum contributions to the Plan in the amount of \$200.00 for any employee who is enrolled in the medical plan as of January 1, 2014 and who completes certain additional 2014 wellness program activities by August 31, 2014. Additional lump sum contributions to the Plan will be based on the following:

- For an employee who, as of August 31, 2014, has single coverage or has family coverage and has enrolled children only, and not a spouse, the employee must earn more than 300 points under the 2014 wellness program.
- For an employee who, as of August 31, 2014, has family coverage and has enrolled a spouse, the employee's spouse must complete a personal health profile.

In the event of a forfeiture required pursuant to Section 5.5(b) of the Plan, following the death of a member who has no surviving spouse or qualified dependents, the amount forfeited will be divided evenly among the Plan accounts of members of the bargaining unit to which the deceased member last belonged. The amount to be forfeited will be calculated as of the date claims for reimbursement are no longer timely pursuant to terms of the Plan. For purposes of eligibility to receive such forfeited amount, bargaining unit membership will be determined on the date such forfeiture is distributed.

10. Future employee contributions for medical plan and/or Plan contributions will be determined by the Benefits Sub-committee of the Citywide Labor Management Committee; however, absent a subsequent agreement, the City shall bear 82.5% of any generalized medical premium rate increase and the employees shall bear 17.5% of any generalized medical premium rate increase, as determined by Medica.
11. The Parties agree that, except for City contributions to the Plan or other negotiated payments to a tax-qualified health savings account, incentives, discounts or special payments provided to medical plan members that are not made to reimburse the member or his/her health care provider for health care services covered under the medical plan (e.g. incentives to use health club memberships or take health risk assessments) are not benefits for the purposes of calculating aggregate value of benefits pursuant to Minn. Stat. § 471.6161, Subd. 5.

12. The unions shall continue to be involved with the selection of and negotiations with the medical plan carrier.
13. This agreement does not provide the unions with veto power over the City's decisions.
14. This agreement does not negate the City's obligation to negotiate with the unions as described by Minn. Stat. § 471.6161, Subd. 5.
15. The terms of this agreement shall be incorporated into the Collective Bargaining Agreement as appropriate without additional negotiations.

THE PARTIES have caused this Letter of Agreement to be executed by their duly authorized representative whose signature appears below:

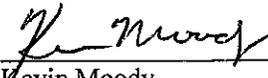
FOR THE CITY OF MINNEAPOLIS:



Timothy O. Giles
Director, Employee Services

10/9/13
Date

FOR THE UNION:



Kevin Moody
Business Manager, City Employees' Unit Local 363

8/29/13
Date