

2015 Negotiations between
City of Corpus Christi &
Corpus Christi Fire Fighters Association

TENTATIVE AGREEMENT

**ARTICLE 13
HEALTH & LIFE INSURANCE**

Section 1. Health Care Insurance Plan and Life Premiums.

A. Health Care Plan. During the term of this Agreement, the City shall provide health care coverage for Fire Fighters and their dependents. The plan will be called CitiCare Fire Health Insurance Plan.

B. Premiums for CitiCare Fire Health Insurance Plan. Bi-weekly premium costs for CitiCare Fire Health Insurance Plan as on the effective date of this Agreement are as follows:

	<u>Employee Cost</u>	<u>City Cost</u>
Employee	\$0	\$296.98
Employee & Spouse	\$179.50	\$476.47
Employee & Children	\$142.77	\$439.75
Employee & Family	\$290.28	\$587.27

THESE ARE CURRENT RATES ONLY AND ARE SUBJECT TO CHANGE AT ANY TIME VIA THE PROCEDURE OUTLINED IN THIS ARTICLE.

During the term of this Agreement, the City shall pay 100% of the employee's premiums and 50% of the premium for dependent coverage towards the CitiCare Fire Health Insurance Plan or any successor plan. Premium rates shall be determined using the agreed methodology described in this Agreement.

The City agrees to provide the Association and/or its consultant(s) information used by the City to determine premiums (with the exception of information subject to privacy limitations under the state or federal law, including HIPAA, unless proper agreements or authorizations have been executed).

The City will notify the Association, in advance, of any Employee Insurance Advisory Committee meetings. The Association will be allowed to have representation on the Employee Insurance Advisory Committee, and on any committees formed to evaluate proposals in response to Requests for Proposals related to negotiated benefits of the bargaining unit.

~~The City shall notify the Association in writing of premium increases with a minimum of sixty (60) calendar days notice of any change, and of health plan changes with a minimum of thirty (30) days notice of any change.~~

The City retains the right to negotiate with insurance carriers, third party administrators and their related sub-contractors and/or medical providers to provide insurance coverage and/or administration of the CitiCare Fire Health Insurance Plan.

The benefits in the plan that will be negotiated will be hospitalization deductibles, maximum out of pocket amounts, co-pays and co-insurance percentages.

Participating Provider Service Areas shall always include the following areas: Corpus Christi and the surrounding area, South Texas, Dallas/Fort Worth, Houston, San Antonio, Laredo and Austin.

Out of Network is the use of any hospital, physician or other health care facility or professional that has not signed an agreement with the City's preferred provider network.

In the event a covered member does not live or work in an area with in-network providers, and in cases of emergency care, services provided outside the participating provider service areas will be provided at the in-network level of benefits.

The City will fulfill its obligations to conduct a bi-annual actuarial study of the GASB liability and adjust the cumulative recorded OPEB liability accordingly. The first adjustment to the cumulative recorded OPEB liability, including past and current, will be made in Fiscal Year 14/15. Adjustments will continue to be made to the cumulative recorded OPEB liability, including past and current, as determined by the bi-annual actuarial study of the GASB liability.

Plan changes mandated by federal and/or state health care legislation, including but not limited to the Patient Protection and Affordable Care Act (ACA), will be implemented as required. The Association will be notified of such changes in advance of the implementation date.

The following components will be used to calculate the premiums for active employees and retirees under age 65:

1. Third Party Administrator (TPA) administrative fees
2. Stop loss premiums
3. Incurred and paid medical and prescription drug claims (after stop loss adjustments, rebates, subrogation recoveries, coordination of benefit recoveries) of all plan participants (active employees, retirees, and participating dependents), with allowance for adjustment based upon expected benefit plan, enrollment or other changes. The base time frame for this data will be based upon a consecutive seventeen (17) month time period ending seven (7) months prior to the effective date of such rate and benefit changes. The resulting net claim factors will be converted to a twelve (12) month

equivalent for purposes of establishing the base claims factor to be used in the calculation to determine contributions.

4. A prorated contribution toward the cost of an onsite primary care clinic (the percentage of members covered under the CitiCare Fire Health Insurance Plan divided by the total covered members under the City's health plans who are eligible to use the clinic times the estimated annual cost of the clinic).
5. Incurred But Not Reported (IBNR) claims, as actuarially determined.
6. The net change in forecasted and prior period catastrophic reserve funding (10% of actuarial projected claims expense).
7. Assumptions for inflation and trend components used to estimate future claims will incorporate prevailing plan specific, regional, and national trends, as well as the anticipated impact of any mandated benefits, and any other factor(s) determined to impact the overall trend. Actuarial and consulting input from both parties will agree upon the factor(s) applied in accordance with professional, ethical and generally accepted practices. If agreement is not reached, within two (2) weeks after the actuary report is provided to the Association, the City will implement the recommendation of its Actuary. The City must notify the Association in writing of its intent to implement its actuarial recommendation. The Association has seven (7) calendar days from receipt of that notice to appeal in writing to the City Manager or designee and request the dispute resolution process as outlined below. Each party's actuary shall mutually agree within seven (7) calendar days upon a third neutral actuary. The parties shall submit position papers within fourteen (14) calendar days from the date of his/her selection. A decision in writing by the neutral actuary as to the factors applied to determine the contribution requirements for active employees and retirees under age 65 shall be delivered to the parties within seven (7) calendar days and shall be binding on all parties. Each party shall pay the total fees and expenses of their own actuary and each shall pay half of the fees and expenses of the neutral actuary.
8. The cumulative net fund balance.

The initial fund balance to be used for the first measurement period will be the actual CitiCare Fire Health Insurance Plan Fund Balance (also referred to as "fund balance"), but not be less than \$3,586,880.58 (current adjusted fund balance as of 09/30/14), including restricted and unrestricted funds. Net fund balances for the plan (the difference between the total fund balance and the OPEB liability) will carry forward throughout this Agreement. It is agreed that the Fiscal Year 14/15 OPEB liability as well as all future OPEB liability will be determined by the bi-annual actuarial study of the GASB liability and will be funded by the fund balance. It is also agreed that the past cumulative recorded OPEB liability will be determined by the bi-annual actuarial study of the GASB liability. It is agreed that as of September 30, 2014, the past cumulative recorded OPEB liability is \$3,244,049.00 and will be adjusted accordingly as determined by the bi-annual actuarial study of the GASB liability. The next adjustment to the cumulative

recorded OPEB liability, including past and current, will be made in Fiscal Year 14/15. ~~Adjustments will continue to be made to the cumulative recorded OPEB liability,~~ including past and current, as determined by the bi-annual actuarial study of the GASB liability. It is also agreed that the past cumulative recorded OPEB liability will be addressed and recovered from the fund balance as follows beginning Fiscal Year 14/15 until it is fully recovered, or until OPEB liabilities are no longer required or mandated by GASB (Governmental Accounting Standards Board) in which case any monies allocated for OPEB liabilities will transfer back to the CitiCare Fire Health Insurance Plan cumulative fund balance:

- Fiscal Year 14/15 2% of the past cumulative recorded OPEB liability;
 - Fiscal Year 15/16 3% of the past cumulative recorded OPEB liability;
 - Fiscal Year 16/17 4% of the past cumulative recorded OPEB liability;
 - Fiscal Year 17/18 5% of the past cumulative recorded OPEB liability; and
- 5% of the past cumulative recorded OPEB liability all fiscal years thereafter
Fiscal Year 17/18 until the past cumulative OPEB liability is fully recovered.

The above schedule for recovery of the past cumulative recorded OPEB liability is separate and apart from the funding of the current and future OPEB liability. The above recovery schedule for the past cumulative recorded OPEB liability sets the minimum standards for recovery. It is agreed that a higher percentage of recovery may be made towards the past cumulative recorded OPEB liability at the election of the Firefighters. Should the fund balance fall below \$1,600,000.00 at the end of each fiscal year on September 30, the recovery of the past cumulative recorded OPEB liability will cease for that fiscal year until the next fiscal year. It is agreed that at the expiration of this contract, the past cumulative recorded OPEB liability as well as all current and future OPEB liability will be recognized, addressed, recovered, funded and included in all contracts following thereafter as determined by the bi-annual actuarial study of the GASB liability, or until OPEB liabilities are no longer required or mandated by GASB (Governmental Accounting Standards Board) in which case any monies allocated for OPEB liabilities will transfer back to the cumulative fund balance for CitiCare Fire Health Insurance Plan or any successor plan.

C. Health Care Plan Structure. The health care plan shall be structured and governed by the actual health care plan document. The City has the authority to restructure benefits, with the exception of hospitalization deductibles, maximum out of pocket amounts and reimbursement percentages. The City also has the authority to restructure network composition of the preferred provider network. The City retains the right to negotiate with insurance and/or medical providers for benefits, coverage and administration under CitiCare Fire Health Insurance Plan or any successor plan.

A summary of the current plan structure, which is subject to change as stated above, is as follows:

CITICARE FIRE HEALTH INSURANCE PLAN
THIS IS A SUMMARY ONLY, PLAN DOCUMENT WILL GOVERN

BENEFITS	IN NETWORK (Participating Providers)	OUT-OF-NETWORK
PLAN YEAR DEDUCTIBLE	No Plan Year Deductible	\$200 Per Individual \$500 Max Family
PHYSICIAN SERVICES In-Patient Out-Patient Emergency Room	\$15.00 Co-Pay	70/30% Co-Insurance
LABORATORY SERVICES Physician's Office Lab Facilities Hospitals	\$10.00 Co-Pay	70/30% Co-Insurance
X-Rays Physician's Office: X-Ray Facilities:	\$10.00 Co-Pay \$15.00 Co-Pay	70/30% Co-Insurance
Emergency Room Services	\$50 Co-Pay Then 80/20% Co-Insurance	70/30% Co-Insurance
Hospitalization (In-Patient)	\$200 Individual Deductible \$600 Max Family Deductible then 85/15% Co-Insurance	70/30% Co-Insurance
Hospitalization (Out-Patient)	\$100 Deductible Per Individual \$250 Max Family Deductible then 85/15% Co-Insurance	70/30% Co-Insurance
Retail Prescriptions	Co-Pays: \$0 – Generic \$20 – Preferred Brand \$40 – Non-Preferred Brand	No Deductible 70/30% Co-Insurance
Prescriptions Mandatory Mail Order 90 Day Supply of Maintenance Prescriptions	Co-Pays: \$0 – Generic \$20 – Preferred Brand \$40 – Non-Preferred Brand	No Deductible 70/30% Co-Insurance

Out-Of-Pocket Cost	\$500 Per Individual	\$700 Per Individual
Excluding Co-Pays & Deductibles	\$1,250 Max Family	\$1,750 Max Family

Lifetime Maximum Benefit = \$2,000,000, unless otherwise required by law.

* Employees and dependents covered by the CitiCare Fire Health Insurance Plan will be excluded from the drug formulary.

** Emergency Room Services. Will increase to \$50.00 Co-Pay provided that 2 minor emergency clinics are included, one on the Southside of Corpus Christi and the other in the Calallen area. Should the number of minor emergency clinics fall below 2 for more than 90 consecutive days the Co-Pay will be \$15.00.

Other eligible services and eligible medical supplies as shown in the CitiCare Fire Health Insurance Plan document shall be covered at 85%/15% for primary network, \$100.00 deductible/ \$250.00 family maximum deductible and 80%/20% for special services or \$200.00 deductible/ \$500.00 family maximum deductible and 70%/30% for out of network. When an expenditure is made toward a deductible and/or out-of-pocket requirements, it is cumulative in all three categories.

Participating Provider Service Areas are those locations covered by a primary network; South Texas, Dallas/ Ft Worth, Houston, San Antonio/Laredo and Austin.

Out of Network is the use of any hospital, physician or other health care facility or professional that has not signed an agreement with the City or its health care administrator to provide services as the preferred provider.

Should the number of hospitals available in the network fall below 2 for more than 90-consecutive days, the reimbursement percentage for out-of-network hospitalization shall be 80%/20%, deductibles shall be \$100.00 per each covered individual, \$300.00 family maximum, and out-of-pocket shall be \$480.00 per each covered individual until the number of hospitals is at least two.

Should the number of total physicians in the network fall below 300 for more than 90-consecutive days, the reimbursement percentage for out-of-network physician services, laboratory services and x-rays shall be 80%/20%, the deductible shall be \$100.00 per each covered individual, \$300.00 family maximum, and out-of-pocket shall be \$480.00 per each covered individual until the number of physicians in the network is 300.

Should the number of network physicians in any one specialty remain for more than 90-consecutive days below 50% of the number of network physicians who were in the network in that specialty on October 1, 2015, out-of-network physicians services in that specialty shall be reimbursed at 80%/20%, the deductible shall be \$100.00 per each covered individual, \$300.00

family maximum and out-of-pocket shall be \$480.00 per each covered individual until the number of network physicians in that specialty increases to at least 50% of the number who were in the network in that specialty on October 1, 2015. Provided however, that a covered individual who was being treated by a network physician within 90-consecutive days before the day the number fell below 50% shall pay the Primary Network Physicians' Services Co-Pay rate for that treating physician's services for up to 90-consecutive days after the number fell below 50% if that treating physician has become an out-of-network provider.

The City shall pay 100% of the employee's premiums and 50% of the premium for dependent coverage. Premium rates shall be determined by the City based on the cost of the plan.

The benefits in the out-of-network portion of the plan may not be changed unless negotiated and agreed upon by the City and the Association.

The purpose of premiums is to generate revenues to cover claim costs. Co-pays are not intended to generate revenues.

D. Provisions Applying to All Offered Plans.

HPV vaccinations up to age 25 will be covered at 100% up to a \$500 annual maximum benefit and not subject to any co-pay or cost sharing provision.

The routine mammography benefit will have a per procedure maximum benefit of \$150 not subject to any co-pay or cost sharing provision.

Benefits for Hospice Care, both facility and home-based care, will be covered as any other illness, maximum of ninety (90) days coverage per lifetime.

Benefits for Home Health Care and Skilled Nursing Facility Care will be covered as any other illness, maximum of ninety (90) days coverage per plan year.

E. Retiree Health Insurance Coverage. Employees who retire under the conditions of disability in accordance with the Corpus Christi Firefighters Retirement System or Social Security or under regular retirement under the Corpus Christi Firefighters Retirement System or under Social Security after ten (10) years of continuous service with the City, along with their participating dependents covered on the last day of employment, shall be eligible to continue participation in the City's CitiCare Fire Health Insurance Plan at monthly premiums subject to periodic changes in rates as required in the agreement. The total cost of such continued coverage shall be paid entirely by the employee and/or spouse. The spouse's rights shall continue after the employee's death, but shall terminate upon divorce. Coverage shall remain in force for the retiree while paid until he or she becomes eligible for Medicare or reaches age 65 at which time coverage in the CitiCare Fire Health Insurance Plan will cease. While the retiree remains in the City's CitiCare Fire Health Insurance Plan, or fully insured plan offerings for Medicare eligible retirees, coverage shall remain in force for the spouse while paid until he or she becomes eligible for Medicare or reaches age 65 at which time coverage in the CitiCare Fire Health Insurance Plan shall cease. Coverage shall remain in force for the retiree's participating dependent

children while paid until they become ineligible as defined in the plan at which time coverage in the CitiCare Fire Health Insurance Plan shall cease. Medicare eligible retirees and their Medicare eligible dependents will be eligible to participate in the City's fully insured plan offerings for Medicare eligible retirees.

F. Affordable Care Act Cadillac Tax and Health Care Plan Transition. If the Affordable Care Act is still in effect on April 1, 2017 and the CitiCare Fire Health Insurance Plan is subject to the Cadillac Tax and/or any other excise taxes, penalties or liabilities under the ACA, the City and the Association will meet and confer beginning May 1, 2017 for a period of 60 days for the sole purpose of deciding how to modify the CitiCare Fire Health Insurance Plan so that it is not subject to the Cadillac Tax. The parties will jointly retain an agreed health insurance expert and rely on such expert to assist in this effort. If no resolution is arrived at after the meet and confer period, the retained expert is authorized to effect only those changes to the Plan which are minimally necessary to ensure that the CitiCare Fire Health Insurance Plan is not subject to the Cadillac Tax and any other excise taxes, penalties or liabilities under the ACA.

Section 2. Life Insurance and Premiums

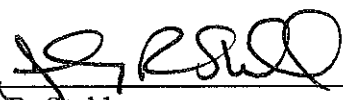
A. City-Purchased Life Insurance. During the term of this Agreement, the City will maintain, at no cost to Fire Fighters, basic life insurance in an amount equal to the Fire Fighter's annual base salary.

B. Optional Life Insurance. Each year, during the enrollment period, the City will provide Fire Fighters the option to purchase additional life insurance at no cost to the City.

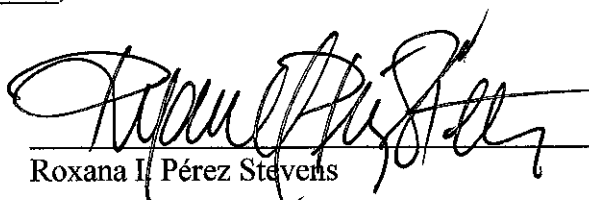
Section 3. Corpus Christi Fire Fighters Dental Plan

The City agrees to pay to the Association a contribution equal to \$30.00 month per Fire Fighter, which the Association agrees to use for supplemental (e.g., dental and vision) insurance programs for active and/or retired Fire Fighters through the Corpus Christi Fire Fighters Dental Plan. The City and the Association agree that the Corpus Christi Fire Fighters Dental Plan is the Association's sole responsibility and that the City has no involvement in the Dental Plan. The Association shall defend and indemnify the City from any and all claims or legal actions for damages or expenses brought by any party arising from the operation or administration of the Corpus Christi Fire Fighters Dental Plan.

Agreed this 12th day of June, 2015:



Johnny R. Stobbs



Roxana I. Pérez Stevens