

MEMORANDUM OF AGREEMENT

WHEREAS, the Board of Selectmen of the Town of Marblehead voted on January 31, 2012 to accept M.G.L. c. 32B, §19 (“Section 19”), for the purpose of transferring the Town's health insurance subscribers to the Commonwealth of Massachusetts Group Insurance Commission, (“GIC”);

WHEREAS, the Town of Marblehead (“Town”) and the duly-formed Public Employee Committee (“PEC”), negotiated such transfer, and ultimately entered into a Memorandum of Agreement covering the period of time beginning July 1, 2012, through and including, June 30, 2018 (“MOA”);

WHEREAS, the Town and the PEC entered into negotiations in calendar year 2017 regarding a successor agreement to the MOA; and

WHEREAS, as a result of such negotiations, the Town and the PEC have reached settlement with respect to the terms and conditions of a successor agreement covering the period of time beginning July 1, 2018, through and including, June 30, 2024, (“Agreement”).

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

1. Effective Date and Duration of Agreement

The Agreement shall take effect on the date the Town and the PEC execute the Agreement and shall remain in effect through June 30, 2024.

2. Health Coverage with the GIC

The Town will continue coverage through the GIC through June 30, 2024. For purposes of this Agreement, the term subscribers (“Subscribers”) shall mean all employees, retirees, surviving spouses and dependents, currently eligible for and receiving health insurance through the Town, and any employees, retirees, surviving spouses and dependents who become eligible in the future.

The Town will provide notice to the GIC of the Town's continuing coverage of Subscribers to the GIC by sending a copy of this Agreement to the GIC as soon as possible after the Town and the PEC execute the Agreement, and in no event later than December 1, 2017.

The Town will take all reasonable and necessary actions required by the GIC to effectuate the continuation of coverage no later than July 1, 2018 and to maintain coverage thereafter for the duration of this Agreement.

3. Contribution Splits

Indemnity Plans

For the duration of this Agreement from July 1, 2018 through June 30, 2024, the Town will contribute Sixty-five (65%) percent of the premium or cost for any of the following indemnity plans currently offered by the GIC which a Subscriber selects and the Subscriber shall contribute Thirty-five (35%) percent:

- UniCare State Indemnity Plan Basic with or without CIC

If the GIC offers any new or additional Indemnity plans during the life of this Agreement, the same contribution percentages as described above in this Section will apply. However it is agreed that only plans offered by the GIC will be available to Subscribers.

HMO Plans, PPO Plans and POS Plans

For the duration of this Agreement, from July 1, 2018 through June 30, 2024, the Town will contribute Eighty-three (83%) percent of the premium or cost for any of the following health maintenance (“HMO”) plans, preferred provider (“PPO”) plans or point of service (POS) plans currently offered by the GIC and the Subscriber shall contribute Seventeen (17%) percent:

- Fallon Community Health Plan Direct Care
- Fallon Community Health Plan Select Care
- Harvard Pilgrim Independence Plan
- Harvard Pilgrim Primary Choice Plan
- Health New England
- NHP-Neighborhood Health Plan
- Tufts Health Plan Navigator
- Tufts Health Plan Spirit
- UniCare State Indemnity Plan Community Choice
- UniCare State Indemnity Plan PLUS

If the GIC offers any new or additional HMO, PPO or POS plans during the life of this Agreement, the same contribution percentages as described above in this

Section will apply. However it is agreed that only plans offered by the GIC will be available to Subscribers.

The Town will contribute Seventy-five (75%) percent of the premium and the Subscriber/retiree shall contribute Twenty-five (25%) percent of the premium of the Medicare Supplement Plan that such Subscriber/retiree participates in, which is offered by the GIC.

4. Medicare Enrollment and Medicare Part B Premium Reimbursement:

Subscribers who are eligible or who become eligible for Medicare shall transfer to Medicare coverage. A Subscriber who is enrolled in Medicare Part B, shall in December of each calendar year be paid a Medicare Part B lump-sum reimbursement equal to Seventy-five (75%) percent of the lowest premium rate for Medicare Part B, and exclusive of any additional increases to the monthly premium due to a Subscriber's income. The Town shall pay any Medicare Part B premium penalty assessed by the federal government.

The appointed Retiree representative for the PEC will be allowed to draft an informational letter to those retirees who receive the annual reimbursement, referred to by many as the "Christmas check", to be included with the annual reimbursement. The draft will be provided to the Town Administrator for the Town Administrator's review and approval on or before November 15, 2017, and thereafter annually on or before November 1st.

5. Health Reimbursement Amount for Active Employees and Non-Medicare Subscribers:

The Town shall fund a Health Reimbursement Arrangement ("HRA"), only during the first year of this Agreement in the amount of Two Hundred Thousand (\$200,000.00) Dollars, which amount shall be added to the remaining HRA amount as of June 30, 2018, referenced in the MOA, to be utilized for the payment of the third party administrative fee, and the reimbursement of co-payments and deductibles paid by Subscribers who are active employees or Non-Medicare retirees and as set forth below.

If any one Subscriber or such Subscriber's family in the aggregate, has out of pocket costs for covered services from in network providers, including prescription drug co-payments, deductibles and office visit co-payments that exceed One Thousand Two Hundred Fifty (\$1,250.00) Dollars per Individual Subscriber with an individual health plan, or Two Thousand Five Hundred (\$2,500.00) Dollars per family Subscriber with a family health plan in total only during a fiscal year of this Agreement, then in such event, the HRA will provide One Hundred (100%) percent reimbursement of the costs for covered services from in network providers that exceed One Thousand Two Hundred

Fifty (\$1,250.00) Dollars per Subscriber, Two Thousand Five Hundred (\$2,500.00) Dollars per family for that fiscal year of this Agreement.

Claims submitted by Subscribers for reimbursement shall be paid by the third party administrator until the HRA is exhausted. Claims must be submitted in accordance with procedures specified by the HRA administrator and must be submitted by September 1 for paid services in the prior fiscal year. Notice will be provided to the PEC when the Town receives notice from the HRA's third party administrator that the HRA amount falls below Twenty-five Thousand (\$25,000.00) Dollars.

Any balance remaining in the Town funded HRA upon expiration of this Agreement, after allowing for the claims run out period, shall revert to the Town.

6. Waiting/ Hiatus Period

a. 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 Ten (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) is hereinafter referred to as the "Waiting/Hiatus Period."

b. Waiting/Hiatus Period Stipend/Retroactive Coverage

During the "Waiting/Hiatus Period," the Town shall pay a stipend ("Waiting/Hiatus Period Stipend") to those newly hired employees who have notified the Town within ten (10) calendar days of employment that such employee has 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 as set forth above in Section 3 of this Agreement. To receive the "Hiatus Period Stipend", the employee must show proof of other health insurance coverage during the "Waiting/Hiatus Period," such as COBRA or other alternative health insurance plan.

A newly enrolled employee who cancels such employee's 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.

c. **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 Subscriber shall reimburse the Town such Subscriber's proportional share of the premium and any "Waiting/Hiatus Period Stipend" amount already received through normal payroll deductions.

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

7. Voluntary Dental, Re-bid and Administration

The Town shall administer, including administration of a new request for proposal as appropriate, a voluntary dental plan that will be available to eligible Subscribers who will pay One Hundred (100%) percent of the premiums. Active employees will have the benefit of pre-tax deductions through payroll. Provision of the voluntary dental plan is contingent upon maintaining the required level of enrollment as determined by the Insurer. An eligible Subscriber who enrolls in this voluntary dental plan will become ineligible to re-enroll in said plan should such eligible Subscriber elect to drop said dental plan coverage, provided however, if such eligible Subscriber has a qualifying event, such eligible Subscriber may rejoin no sooner than two (2) years after dropping the dental plan coverage.

8. Retiree Dental

The Town shall participate in the GIC Retiree Dental Plan during the term of this Agreement, providing however, the Town shall make no financial contribution to the premium or cost for any of the dental plans offered by the GIC; the retiree Subscriber shall pay one hundred percent (100%) of the premium cost.

9. Flexible Spending Accounts

The Town shall continue the Internal Revenue Code Section 125, Flexible Spending Medical Accounts Program ("Program"), such as Pretax Insurance Premium Payments, Dependent Care Account Plan 'DCAP' and Medical Care Account Plan 'MEDCAP,' and shall provide for and pay the one-time

set up costs to implement the Program. The Town shall pay the annual administrative fee for Subscribers who opt into the Program during the term of this Agreement. The Program shall include a voluntary debit card system. Subscribers may set aside funds up to the maximum amount permitted by the Internal Revenue Service.

10. Future Meetings of Town and PEC

The PEC shall be composed of a union representative from each collective bargaining unit which negotiates with the Town and a retiree representative designated by the Retired State, County and Municipal Employees Association. Each union representative and the retiree representative shall have the option of allowing one additional representative to attend meetings of the PEC and the Town's designee.

Meetings of the Town and PEC will be held at times and places which are mutually agreed upon by the Town and the PEC. In addition, either the Town or the PEC may request a meeting upon seven (7) days notice to the other party, unless there is an emergency that requires shorter notice. Meeting notices in writing will be provided to the Town and to the PEC.

11. Correspondence and Information

The PEC shall, upon written request, review correspondence between the Town and the GIC or between the Town and a provider of health care under the GIC, provided however, only correspondence that is public in nature and not protected or deemed "private" or "confidential" by any local, state, or federal rule, regulation, policy, law, statute, or code.

12. Health Coverage after June 30, 2024

The participation of the Town and its Subscribers in the GIC shall continue after June 30, 2024, unless, pursuant to a successor agreement executed by the parties hereto, notice in writing is provided to the GIC no later than December 1, 2023, that the Town will withdraw from the GIC, effective July 1, 2024.

The Town or its designee and the PEC will begin negotiations for a successor agreement pursuant to Section 19 no later than January 4, 2023. In accordance with the notification requirements of the GIC, the Town will notify the GIC no later than December 1, 2023, either that Subscribers will continue coverage through the GIC effective July 1, 2024 at the interval specified in the successor Agreement, or that the Town is withdrawing its Subscribers from the GIC effective July 1, 2024.

13. Effect of Agreement

This Agreement shall be binding on all Subscribers and shall supersede any conflicting provisions of any Town policies or any collective bargaining agreements between the Town and any unions representing Town employees.

The Town's acceptance of Section 19 is conditioned upon transferring its Subscribers to the GIC. If the Town ceases to provide health insurance through the GIC, then in such event, the Town agrees to maintain General Laws, Chapter 32B, Section 19 for the purpose of bargaining group health insurance coverage with the PEC.

14. Cancellation

In the event the Town is delinquent in making payments as required by the GIC and the GIC notifies the Town that it intends to exercise its option to cancel coverage pursuant to Section 19, the Town will immediately notify the PEC, present it a proposal for plans which are at least the actuarial equivalent of those offered by the GIC, and engage in negotiations with the PEC for replacement coverage.

15. Savings Clause

If any provision or portion of the Agreement is found to be unenforceable or unlawful, the remaining provisions or portions shall remain binding.

16. Scope and Modification

This Agreement shall constitute the whole of the Agreement between the Town and the PEC. The Agreement may be modified only by a writing signed by the Town and the PEC.

17. Resolution of Disputes

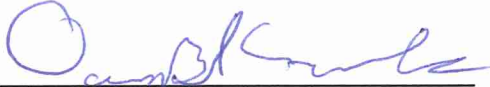
Either party may submit a dispute between the parties concerning the interpretation or application of this Agreement to the American Arbitration Association for arbitration under its Labor Arbitration Rules. A request for arbitration by the PEC must be approved by seventy percent (70%) of the weighted votes of the representatives on the PEC. The costs and fees of any such arbitration, including those of the arbitrator, shall be borne equally by the Town and the PEC, providing however, that each party shall be responsible for the fees of their own legal counsel.

18. Authorization to Sign Agreement

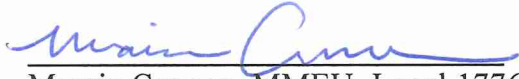
Each signatory to this Agreement is authorized to bind the union/entity that such signatory represents. The PEC represents that it has the authorization and approval of a majority of the weighted votes of the PEC, and that this Agreement is binding on all Subscribers and all such Subscribers' respective union/entity.

Executed on the date above first written.


For the Marblehead Public Employee Committee



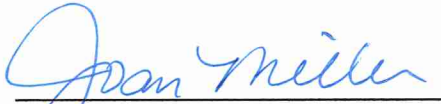
Douglas Knowles,
Marblehead Firefighters, IAFF, Local 2043



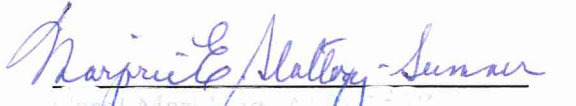
Marcia Cannon, MMEU, Local 1776,
IUE-CWA, AFL-CIO



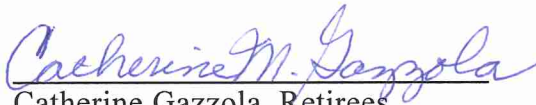
Dan Gagnon, Marblehead Police Union
MASSCOP, Local 437



Joan Miller
Marblehead Education Association

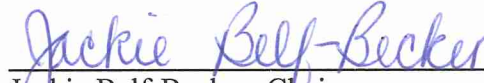


Majorie E. Slattery-Summer, AFSCME

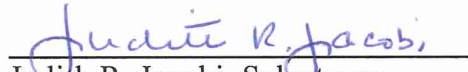


Catherine Gazzola, Retirees


For the Town of Marblehead



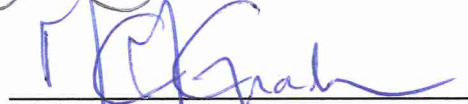
Jackie Belf-Becker, Chair,
Board of Selectmen



Judith R. Jacobi, Selectmen



James E. Nye, Selectmen



M.C. Moses Grader, Selectmen



John McGinn, Town Administrator