

MEMORANDUM OF UNDERSTANDING

City of Sedro-Woolley and AFSCME Local 176-SW
December 22, 2016

RE: Dual Insurance

The City of Sedro-Woolley and the Washington State Council of County and City Employees, American Federation of State, County and Municipal Employees, AFL-CIO, are party to a collective bargaining agreement (CBA) effective from January 1, 2015 through December 31, 2018.

The parties entered into an MOU on November 23, 2011 that extended the City's dual insurance incentive to AFSCME bargaining unit employees and again on November 20, 2014 that increased the amount of that incentive.

This agreement is intended to supplement the CBA as follows:

1. Effective January 1, 2017, the city's dual insurance incentive policy (reproduced as follows) shall be extended to AFSCME covered bargaining unit employees.

A. Establishment of Policy

- Voluntary program for employees and/or dependents who are eligible for medical benefits from the City of Sedro-Woolley.
- Employees must certify eligibility annually during open enrollment.
- Dual insurance benefit is limited to medical coverage only. Dental and vision insurance will remain in effect for all eligible employees and dependents per AWC requirements for participation.
- Prior to removing medical insurance for an eligible employee and/or dependents, employees are required to sign a waiver certifying that they and/or their dependents have other medical insurance. This waiver includes acknowledgement that proof of continuous, comprehensive medical coverage is required to re-enroll the employee and/or eligible dependents in a City of Sedro-Woolley plan. *Note: If a court has established that you are financially responsible for a dependent child you are advised to speak with an attorney prior to enrolling in this program.*
- Employees and/or eligible dependents are only eligible to rejoin the City's medical insurance program during open enrollment. Open enrollment is from November 15 to December 15 of each year (for coverage beginning January 1 of the following year). The only exception would be if an employee and/or eligible dependent loses their (non-City) medical coverage during the middle of the year. In this situation the employee and/or dependent is eligible to rejoin the City's program on the 1st day of the month following loss of insurance.
- Employees are required to notify the Payroll Department of the City of Sedro-Woolley immediately if any dependent who has been removed from the City's medical insurance no longer qualifies as an eligible dependent for medical benefits through the City. The incentive payment will be adjusted to reflect the dependent's loss of eligibility. Failure to do so will cause repayment of the ineligible costs and payments.
- Incentives shall be paid as follows: For an eligible employee, \$275.00 per month; for an eligible spouse, \$275.00 per month; for an eligible child, \$125.00 per month (maximum of two children as no additional cost savings are achieved by the city for additional children). Incentives shall be paid into the employee's HRA-VEBA account.

- This program will remain in effect until employee informs the City of Sedro-Woolley of a change or the dependent is no longer eligible for medical insurance, or the City modifies or cancels the program.
- Employees may be denied participation based upon minimum enrollment requirements from AWC.

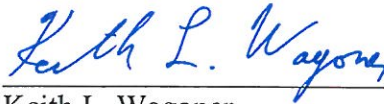
B. Scope & Applicability

- Limited to AFSCME employees and/or dependents who are eligible for insurance benefits through the City of Sedro-Woolley and who have other coverage. Employees, spouses and dependents are eligible to be removed from the insurance program.
- **The City of Sedro-Woolley retains the right to revoke, modify, or cancel the policy at any time and as it sees appropriate.**

2. This agreement shall not establish a precedent for purposes of collective bargaining.



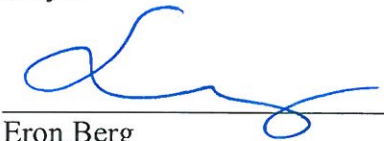
Brent Frisbee, President
AFSCME Local 176-SW



Keith L. Wagoner
Mayor



Dean Tharp, Staff Representative
AFSCME



Eron Berg
City Supervisor/City Attorney