

This is not a tentative agreement. The exploratory meetings between SEBAC and the Administration have resulted in the following understandings and guidelines which are intended to become a tentative agreement, provided that local unit contracts consistent with the guidelines are tentatively agreed to by the bargaining units currently negotiating unit agreements.

I. Modifications to the SEBAC Agreement

a. Active and future Retiree Health Care Changes

i. Affecting Actives

1. Premium Shares: Changes are:

- a. 1% 7/1/19, but not to over 15%
- b. 1% 7/1/20 but not to over 15%
- c. 1% 7/1/21 but not to over 16%

2. Design Changes to Save Money and Improve Health

- a. Implement standard formulary to prevent prescription drug price gouging. Member's doctor is final appeal step if doctor certifies non-formulary drug is medically necessary
- b. Non-HEP drugs go to \$5/10/25/40. First two tiers are clinically equivalent generics, with the first to encourage choosing lower priced generics. No change to current physician waiver process.
- c. Increase co-pay for unnecessary emergency room visits to \$250; current waiver rules apply.
- d. PT/OT medical necessity standard to be implemented consistently
- e. Design structure encourages treatment choice of high quality, high value providers by:
 - i. Vendor recommended tiering of primary care doctors and specialists to reduce co-pays for high value providers.
 - ii. "Smart shopper" provides rebates for numerous procedures based on quality and safety standards and cost of provider. Non smart-shopper providers remain at current cost.
 - iii. "Site of service" continues 100% coverage for all labs, diagnostic, and high cost imaging, but institutes co-pay for outpatient use of non-network labs
- f. Pilots of cost-saving and health-improving enhancements and additions to the HEP to be studied by mutual agreement.

ii. Future Retirees Health Care Design Changes

- 1. Effective date. New Retirees retiring on or after the 2nd of the month at least 60 days after legislative approval of the agreement, but not before October 2, 2017.
- 2. Above changes in active health care begin to affect new retirees on above effective date (ii.1).

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- iii. Future Retirees Premium Share Change Non-Medicare Retirees
 - 1. On above effective date (ii.1), RHC premium shares go up 1.5% for non-hazardous duty employees retiring with less than 25 years of service.:
 - 2. Effective for New Retirees starting 7/1/22
 - a. Hazardous Duty Premium Share 3%
 - b. Other Retirees 5%
 (Premium share changes do not reduce vested retirees already paying higher amounts, or reduce premiums for early retirees)
- iv. Future Medicare-Covered Retirees
 - 1. Effective 7/1/22, State continues reimbursing the full standard Medicare Part B Premium. Member pays half of additional charges imposed on high earners.
- v. Changes Affecting Current and Future Retirees
 - 1. Non-Medicare Covered
 - a. Consistently Implement PT/OT medical necessity
 - b. Implement recommended tiering of primary care doctors and specialists to reduce co-pays for high value providers. Implement Smart-shopper.
 - 2. Medicare Covered. Effective 1/1/18, provide state employee health plan design through a Medicare Advantage vehicle. The parties will adopt the results of the current RFP.
- b. Pension Changes Current Employees
 - i. Current employees
 - 1. Pension contributions
 - a. 7/1/17 Contributions increase by 1.5%. Member may choose to reduce Retiree Health Care contribution that year only by the same amount. A member so choosing pays the RHC Fund back by paying an additional ½% towards RHC for 4 years, beginning 7/1/19.
 - b. 7/1/19 Pension contribution increases by additional ½% (total increase is 2%)
 - c. ARP Employer Contributions decrease by one half the amount of SERS employee contribution increases to a total of 1%.
 - 2. Pension Structure
 - a. Effective 7/1/22:
 - i. Modified COLA formula. If the CPI-W goes up less than 2%, member gets the actual increase. In all other circumstances, member receives the same COLA he/she would receive under the current formula.
 - ii. First COLA at 30 months after retirement (instead of current average of 12 months). That first COLA is a standard COLA as described above, plus an additional COLA if during the retiree's first 18 months of retirement, the CPI-W goes up more than an annualized

5.5%. If so, additional COLA is above formula, minus 2.5%, multiplied by 1.5 (because it's 18 months).

- c. Disability Retirement Trade off
 - i. Effective as soon as administratively feasible, in return for disability retirees being required to apply for SSDI (at no cost, an no requirement to do more than apply, and if the Ret. Division suggests, also file appeal), plan provision inadvertently penalizing spouses of disability retirees is removed.
 - d. New Employees effective 7/1/17 (See Attachment A)
 - e. Expiration date now June 30, 2027
- II. **Guidelines for Unit Contracts** – The following provisions will be offered for all Unit Agreements (5 years duration).
- a. Wage Package for 5 years FY 17 through FY 20 (July 1, 2016 through June 30, 2020)
 - i. Years 1 and 2: Hard Freeze
 - ii. Year 3: \$2000 one-time payment, *or* top step lump sum (to those already eligible) plus \$1000 if greater. All pensionable. One-time payments paid in July of 2018. Top step lump paid on normal increment date. (One-time payment amount pro-rated for part-time unit employees)
 - iii. Years 4 and 5: 3.5% GWI, plus increment, all on time. Local parties not prevented from using part of GWI for restructuring. Normal protocol for units that don't use increments.
 - b. 3 furlough days, year 2 of CBA (7/1/17-6/30/18) for pension purposes handled under VSRP. Exact manner of taking days negotiated by bargaining units
 - c. 4 Years Job Security subject to the procedures used in 2011. (Parties may Discuss *Voluntary* Alternatives if Reorganization). Effective July 1, 2017 (layoffs covered by current notices will not be implemented).
 - d. April 2018 longevity payment will be made in July 2018
 - e. Continuation of language to prevent privatization leading to layoffs
 - f. Allow use of sick time to pay for family FMLA, and allow more intermittent leave, provided change is made so that additional unpaid leave is not tacked on end of FMLA leave.
- III. **Provisions affecting some but Not all Unit agreements**
- a. CDL physicals will be provided for no cost to the members at agreed designated facilities.
 - b. Two years of Judicial Marshals' purchase may be used for retirement eligibility, and former Judicial Marshals who transferred to other Hazardous Duty employment after 7/1/99 also made eligible
 - c. Telecommuting provisions will be made available for units where off work site work may be appropriate.

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 [Signature] 5/23/17
 [Signature] 5/23/17
 Lion Grass Egan

ATTACHMENT A -- Changes Affecting New Employees effective 7/1/17**Pension and Healthcare Specific to New Employees**

- I. **Pension**
 - a. Employer contribution to ARP reduced to 6.5%
 - b. Both SERS Types (Normal and Haz Duty) pay 3% more base contribution than Tier 3
 - c. Both SERS Types include the "Split the risk to max of 2% extra employee contribution" for years where State normal cost would increase to reflect failure to meet project actuarial gains of 6.9%.
 - d. Hybrid Works off Tier 4 same way as Tier 3 (3% extra employee contribution in return for the DC option upon leaving state service...
 - e. Structural change for Haz Duty is
 1. 25 years needed to retire, not 20, no matter the age
 2. 1% Employer Contribution to DC, mandatory 1% Employee contribution, voluntary additional up to 5%
 3. 25 year OT averaging
 4. OT effect on base-pay pension may not be greater than 60%
 - f. Structural changes Normal Retirement
 1. DB Multiplier is 1.3%, no breakpoint
 2. Same DC component as Haz Duty: 1% Employer Contribution to DC, mandatory 1% Employee contribution, voluntary additional up to 5%
 3. 25 year OT averaging
 4. OT effect on base-pay pension may not be greater than 60%
- II. **Health Care** -- New employees immediately pay agreed upon increase in HC premium share, but increase not to take it over 16%
- III. **Retiree Health Care** – RHC 3% Contribution extended to 15 Years.

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