

## MEMORANDUM OF AGREEMENT

WHEREAS, the Board of Selectmen of the Town of Saugus voted on August 14, 2007 to accept M.G.L. c. 32B, §19, as amended by Chapter 67 of the Acts of 2007, (Section 19) for the purpose of transferring the Town's health insurance subscribers (subscribers) to the Commonwealth's Group Insurance Commission (GIC); and

WHEREAS, the Town of Saugus (Town) and the duly-formed Public Employee Committee (PEC) have negotiated for such transfer;

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

### *Effective Date and Duration of Agreement*

1. The Agreement shall take effect on the date the Town and the PEC execute the Agreement and shall remain in effect through June 30, 2014.

### *Transfer of Health Coverage to the GIC*

2. The Town will transfer subscribers to the GIC as soon as possible after the execution of this Agreement and will continue coverage through the GIC through June 30, 2014. For purposes of this Agreement, the term "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 and also all retired Town teachers now insured through M.G.L. c. 32A, §12.
3. The Town will provide notice to the GIC of the Town's transferring 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 October 1, 2007.
4. The Town will take all reasonable and necessary actions required by the GIC to effectuate the transfer no later than January 1, 2008 and to maintain coverage thereafter for the duration of this Agreement.

### *Contribution Splits*

#### *HMO/PPO Plans – 90/10 Split*

5. For the duration of this Agreement, the Town will contribute 90 percent of the premium or cost for any of health maintenance (HMO) or preferred provider (PPO) plans offered by the GIC and the subscriber shall contribute 10 percent. Such plans include:

- Neighborhood Health Plan
- Fallon Select
- Tufts Health Plan Navigator
- Commonwealth (Unicare) Indemnity PPO Plus
- Harvard Pilgrim Health Care Independence Plan
- Harvard Pilgrim Health Care First Seniority Freedom
- Tufts Health Plan Medicare Preferred
- Tufts Health Plan Medicare Complement
- Commonwealth (Unicare) Indemnity Plan Community Choice

If the GIC offers any new or additional HMO or PPO plans during the life of this agreement, the same contribution rate shall apply.

***Indemnity Plans – 75/25 Split***

6. For the duration of this Agreement, the Town will contribute 75 percent of the premium or cost for any indemnity plans offered by the GIC and the subscriber shall contribute 25 percent. Such plans include:
  - Commonwealth (Unicare) Basic Indemnity with CIC
  - Commonwealth Indemnity Plan Medicare Extension (OME) with CIC.

If the GIC offers any new or additional indemnity plans during the life of this agreement, the same contribution rate shall apply.

***Medicare Enrollment – 60/40 Split***

7. Subscribers who are eligible or who become eligible for Medicare shall transfer to Medicare coverage. The Town shall pay any Medicare Part B premium penalty assessed by the federal government and will contribute 60 percent of the monthly cost of the Medicare Part B enrollment for any subscriber enrolled in Medicare and the subscriber will contribute 40 percent.

***Retired Teachers Already in the GIC –  
90/10 Split for HMO/PPO/Indemnity***

8. ***For the purpose of “red-circling,” maintaining, and freezing previously-held benefits:*** The Town will contribute 90 percent of the premium or cost of any plan selected by any subscriber who on the effective date of this Agreement was receiving health insurance through the GIC pursuant to section 12 of chapter 32A (RMT subscriber) and the RMT subscriber will contribute 10 percent.

***Future Meetings of Town and PEC***

9. The PEC shall be composed of a union officer 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 officer and the retiree representative shall have the option of allowing one additional representative to attend meetings of the PEC and the Town Manager or his designee.

10. The parties shall establish a regular schedule of meetings to discuss the implementation of this Agreement and any issues relating to the effectiveness and efficiency of health coverage for subscribers. Such meetings shall take place quarterly, unless agreed otherwise. Meetings will be held at times and places which are mutually agreed upon by the Town and the PEC. In addition, either party may convene a meeting upon seven days' notice to the other party, unless there is an emergency that requires shorter notice. Meeting notices will be provided to the Town and to the PEC in writing. The Town may provide notice of a meeting or a series of meetings up to twelve months in advance of a meeting. Any employee who is a representative of the PEC shall receive time off to attend meetings of the Committee with the Town with full pay and benefits. The Town shall attempt to schedule all meetings on weekday evenings.

#### ***Correspondence and Information***

11. The Town shall make available to the PEC copies of any correspondence between the Town and the GIC or between the Town and any provider of health care.

#### ***Health Coverage After June 30, 2014***

12. This transfer of subscribers to the GIC will terminate on June 30, 2014 unless, pursuant to a successor agreement executed by the parties, notice is provided to the GIC no later than October 1, 2013, that the Town will continue to provide health coverage for subscribers through the GIC effective July 1, 2014.
13. The Town Manager or his designee and the PEC will begin negotiations for a successor agreement pursuant to Section 19 no later than March 1, 2013. At the request of the PEC, the Town will present a proposal for alternative plans which are at least the actuarial equivalent of those offered by the GIC for the 2012-2013 plan year so that the parties may fully explore and negotiate the health coverage to be provided to subscribers starting on July 1, 2014. If the parties have not reached a successor agreement by July 1, 2013, either party may file for arbitration of all unresolved issues, including but not limited to, whether to withdraw from GIC coverage, the health coverage which will be provided if subscribers are withdrawn from the GIC, and premium contributions. The arbitration proceeding shall be administered by the American Arbitration Association under the procedures set forth in its Labor Arbitration Rules. The arbitrator shall render a decision no later than September 1, 2013 and the parties shall execute a successor agreement no later than September 15, 2013.

14. In accordance with the provisions of the successor agreement, the Town will notify the GIC no later than October 1, 2013, either that subscribers will continue coverage through the GIC effective July 1, 2014 the interval specified in the Agreement, or that the Town is withdrawing its subscribers effective July 1, 2014.

#### *Effect of Agreement*

15. 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 on transferring its subscribers to the GIC. In the event the Town ceases to provide health insurance through the GIC, the Town and the PEC agree to maintain Section 19 to bargain health insurance coverage.

#### *Cancellation*

16. 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.

#### *Arbitration of Disputes*

17. 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. Any arbitrator appointed in such process shall look to and be bound by external law.

#### *Savings Clause*

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

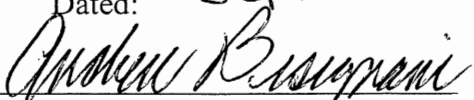
#### *Scope and Modification*

19. 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.

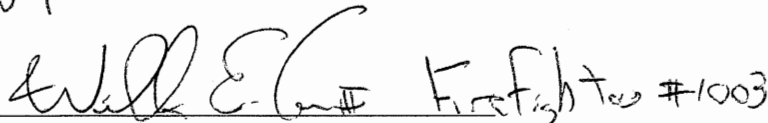
**Authorization to Sign Agreement**

20. Each signatory to this Agreement is authorized to bind the entity he/she represents. The PEC represents that it has the authorization and approval of 70 percent of the weighted votes of the PEC and that this Agreement is binding on all subscribers and their representatives.

Dated: September 27, 2007



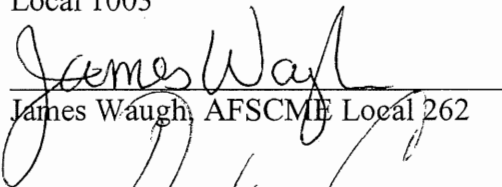
Andrew Bisignani, Town Manager  
Town of Saugus

 Firefighters #1003

William Cross, PEC Chair, Firefighters Union,  
Local 1003



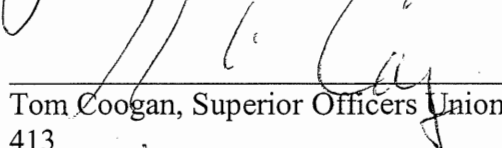
Russ Brandwein, Saugus Education  
Association



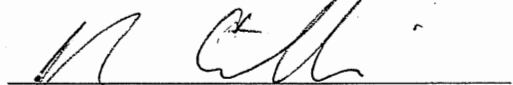
James Waugh, AFSCME Local 262



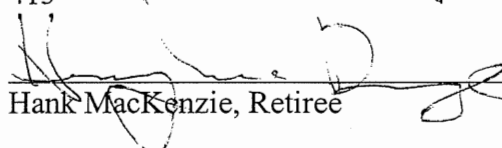
Matt Vecchio, Patrolmens Union, Local 366



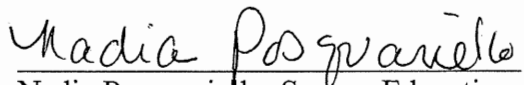
Tom Coogan, Superior Officers Union, Local  
413



John Cinnelli, Dispatchers Union, Teamsters  
Local 25



Hank MacKenzie, Retiree



Nadia Pasquariello, Saugus Education  
Association



Donna Anderson, Saugus School Clerical  
Assistants